

# Chapter 3



Service Delivery  
Performance

# Chapter 3 – Service Delivery Performance

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## Challenges in terms of Service Delivery

- **Office of the Municipal Manager**
  - The PMS is well accepted by senior management but must now be cascaded down to lower levels of employment to experience the full benefit of a fully implemented PMS.
  - In the compilation/review of the IDP, Public Participation is always a challenge and the commitment of Council to this process is needed. The lack of several master plans in the municipality has a serious impact on the reliability assessment of the IDP.
  - Sector plans to be in place a serious concern, especially taking into consideration the annual review of the IDP
- **Department Corporate Services**
  - Some critical, vacant posts remain unfilled.
  - Not all employees were given training.
- **Department Community Services and LED (policies reviewed and new policies develop)**
  - Shortage of staff
  - Operating fleet not in working conditions
  - Shortage of tools, machinery and equipment
  - Shortage of dustbins for households
  - Funding that has been reduced for upgrading of sports facilities.
  - Late or non-funding of approved projects (impact: Consistency with SDBIP)
  - Lack of human/capital resource to implement the sector plans
  - Lack of by-laws
  - Non-availability of a Transport Master Plan- still to be approved
  - Under-budgeting
  - Investor confidence caused by water and electricity capacity
  - Lack of marketing strategy
  - Lack of business skills
  - Lack of research skills
  - Lack of synergy between the departments in addressing women and youth economic development
  - Aging infrastructure
- **Department Technical Services**
  - **Water and Sanitation**
    - **Lindley clean water reservoir is leaking. The consultant was appointed for assessment.**



- Meintjies clean water reservoir is leaking; a quotation will be obtained from Gertuck to fix this reservoir.
- The Reitz Waste Water Treatment Works is overloaded, the plant is unable to treat the amount of waste water inflow.
- The department is short-staffed; as a result, there is a delay in executing most of the planned projects.
- The department is in short of vehicles, which forces other teams to share vehicles.
- There is a delay in purchasing of material, which is affecting the service delivery.
- There is high water demand in Reitz; as a result, the reservoirs are no longer getting full.
- Most of toilets in Petsana are leaking; which is resulting in serious water loss.
- Electricity and Mechanical
  - 81 of 145 infill sites could not be electrified during Phase 3 Electrification of Ntha Ext.5 as their owners did not occupy them.
  - Ageing Electricity Infrastructure needing upgrading and refurbishment
  - Meter tempering resulting in Distribution losses
  - Shortage of Qualified Personnel (Electricians and Mechanics).
- Roads and Stormwater
  - Delays in Procurement of Vehicle Parts.
  - Shortage of qualified Mechanics.
  - Transport – trucks needs tyres, roadworthy and license fees to be paid; Requests were handed in for approval and purchases,
  - Consider hiring of yellow fleet for gravelling program.
  - Labour intensive – not enough labour to perform as required.
  - Require EPWP workers temporary.
  - Lack of internal and external funding due to financial constraints.
  - Apply for funding at District Council and MIG
  - In need of pedestrian vibrating roller, 3 x plate compactors and 2 x tamper rammers; Requests handed in for approval of purchases.
- **Department Financial Services**
  - Increasing collection rate
  - Implementing full credit control and debt collection on the areas supplied by Eskom
  - Recovery plan

## Future Actions

Our immediate future priorities to improve our services will be as follows:

- **Office of the Municipal Manager**
  - Cascading down of the PMS System to lower level officials
- **Department Corporate Services**

- Fill in critical posts.
- Provide training to staff as per WSP.
- Arrange for the approval of policies.
- Ensure compliance with policies, legislation and collective agreements.
- **Department Community Services and LED**
  - Present municipal by-laws to the public for final adoption by council
  - Cascading of performance management plans to the middle management
- **Department Technical Services**
  - Councilors to encourage site owners to occupy their site for Electricity provision.
  - Source funds from DoE to upgrade ageing Infrastructure.
  - Source funds for smart metering to prevent meter tempering or Appoint Professional Service provider for extensive Meter Auditing.
  - Permanently Appoint Qualified Electricians and Mechanics.
- **Department Financial Services**
  - Continuous visits to locations to urge people to pay



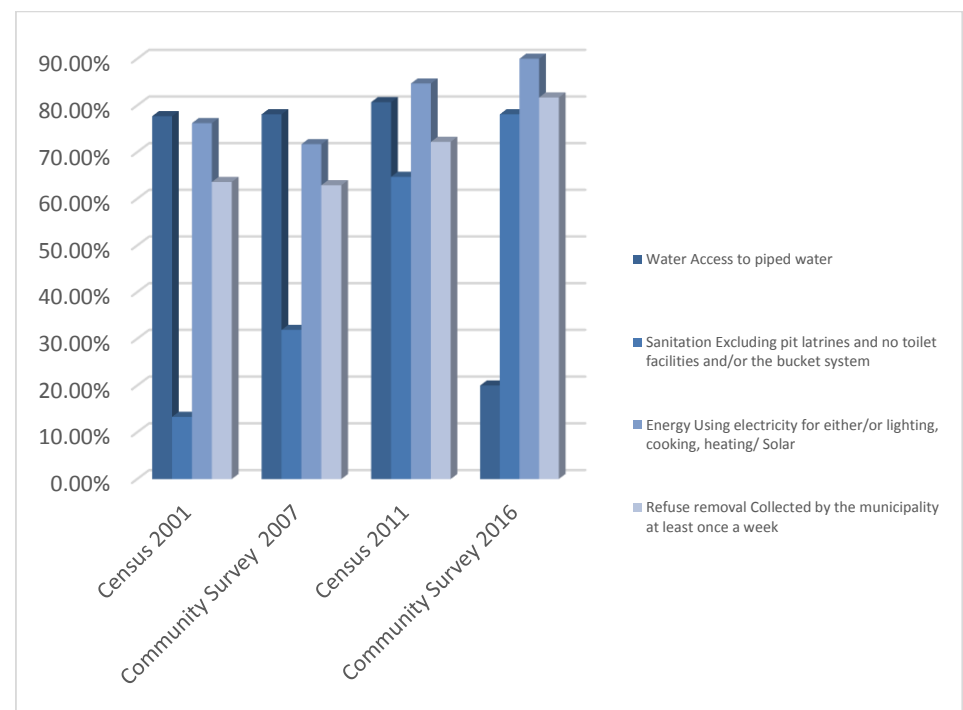


## Component A: Basic Services

If the results of Census 2001 are compared with those of the 2016 Community Survey, the progress that the Municipality has made with service delivery in respect of ensuring access to key basic services are evident:

Figure / Table 3.1: Performance in terms of basic services

Access to Basic Services					
Basic Service	Definition	Census 2001	Community Survey 2007	Census 2011	Community Survey 2016
Water	Access to piped water	77.70%	78.10%	80.70%	20.00%
Sanitation	Excluding pit latrines and no toilet facilities and/or the bucket system	13.30%	31.90%	64.70%	78.10%
Energy	Using electricity for either/or lighting, cooking, heating/ Solar	76.20%	71.70%	84.70%	90.00%
Refuse removal	Collected by the municipality at least once a week	63.60%	62.90%	72.20%	81.70%

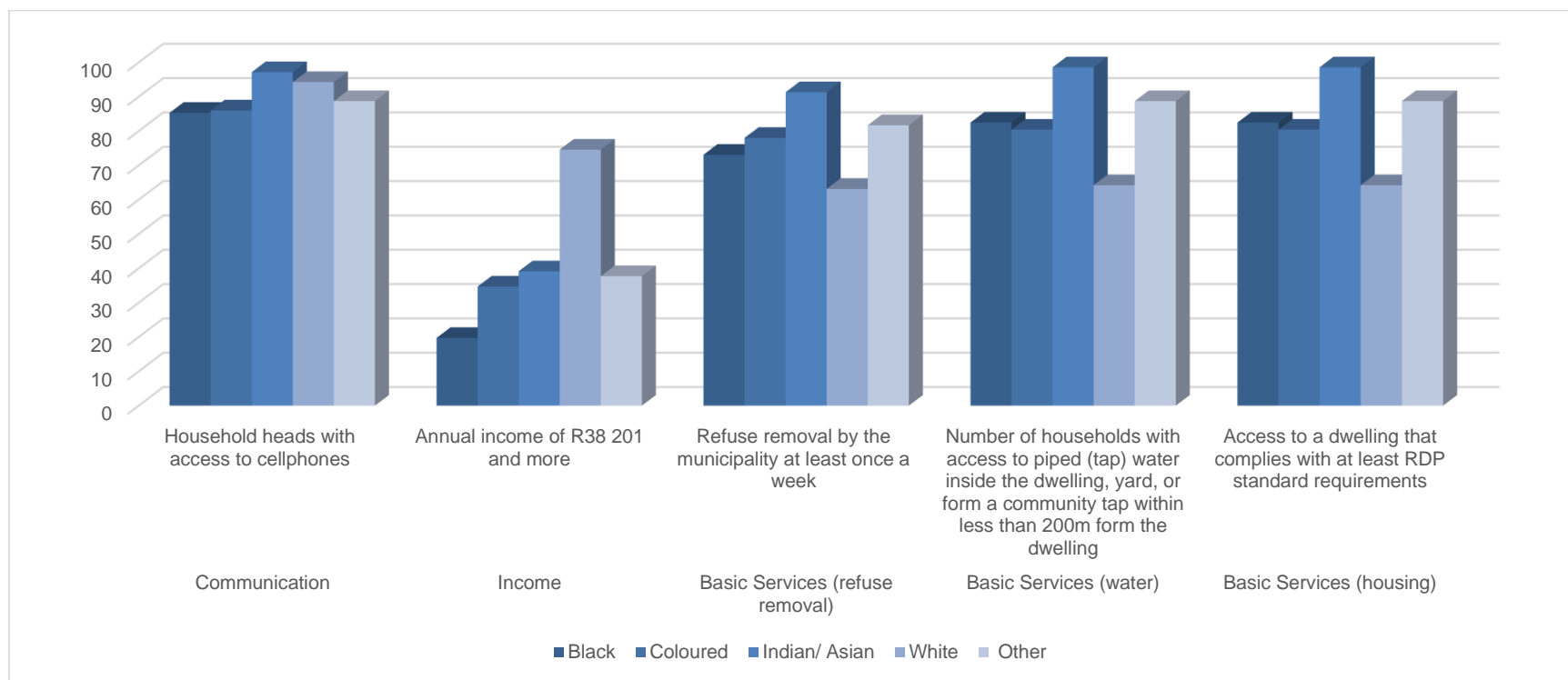


(Source: Census 2001, Community Survey, 2007, Census 2011 and Community Survey 2016)

If a comparative analysis based on a number of key development indicators is done (see Figure below) it is clear that the main development gap in the Nketoana area of jurisdiction is still primarily in among the African and Coloured population groups.

Figure / Table 3.2: Access to basic services (profile)

Area	Standard Indicator	Black	Coloured	Indian/ Asian	White	Other
Communication	Household heads with access to cellphones	85.3	86	97.14	94.26	88.71
Income	Annual income of R38 201 and more	19.73	34.69	39.13	74.57	37.71
Basic Services (refuse removal)	Refuse removal by the municipality at least once a week	73.08	78	91.3	63.14	81.67
Basic Services (water)	Number of households with access to piped (tap) water inside the dwelling, yard, or form a community tap within less than 200m form the dwelling	82.45	80.39	98.55	64.22	88.71
Basic Services (housing)	Access to a dwelling that complies with at least RDP standard requirements	82.45	80.39	98.55	64.22	88.71



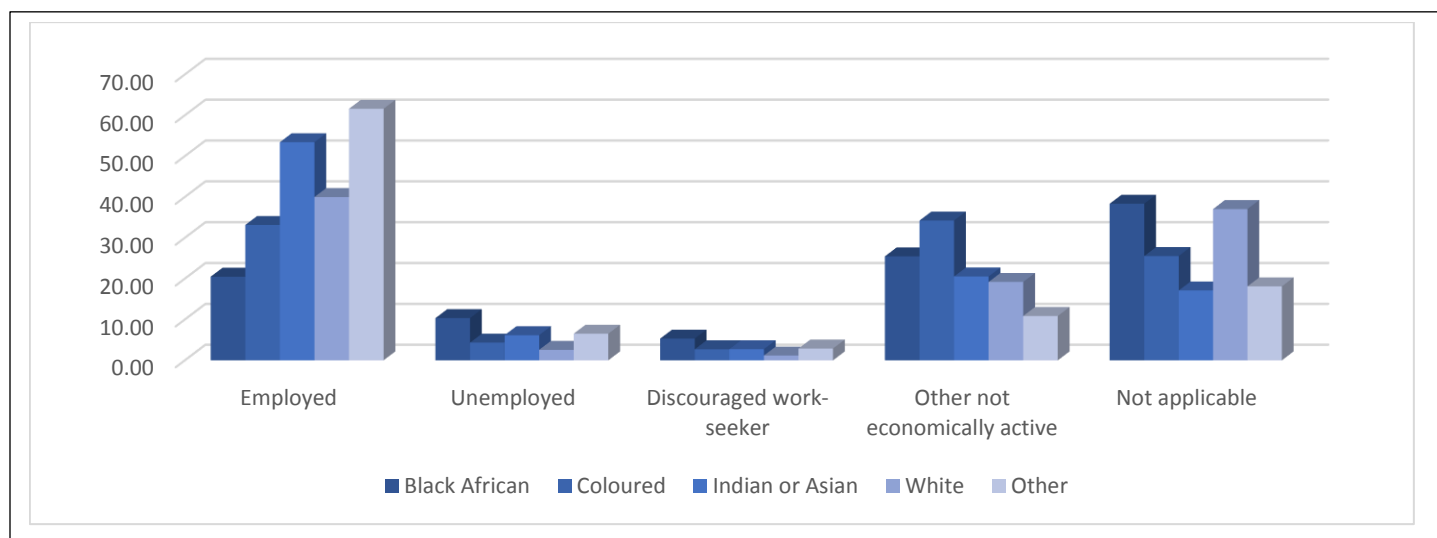
(Source: Census 2011)



Figure / Table 3.3: Official employment status according to Population

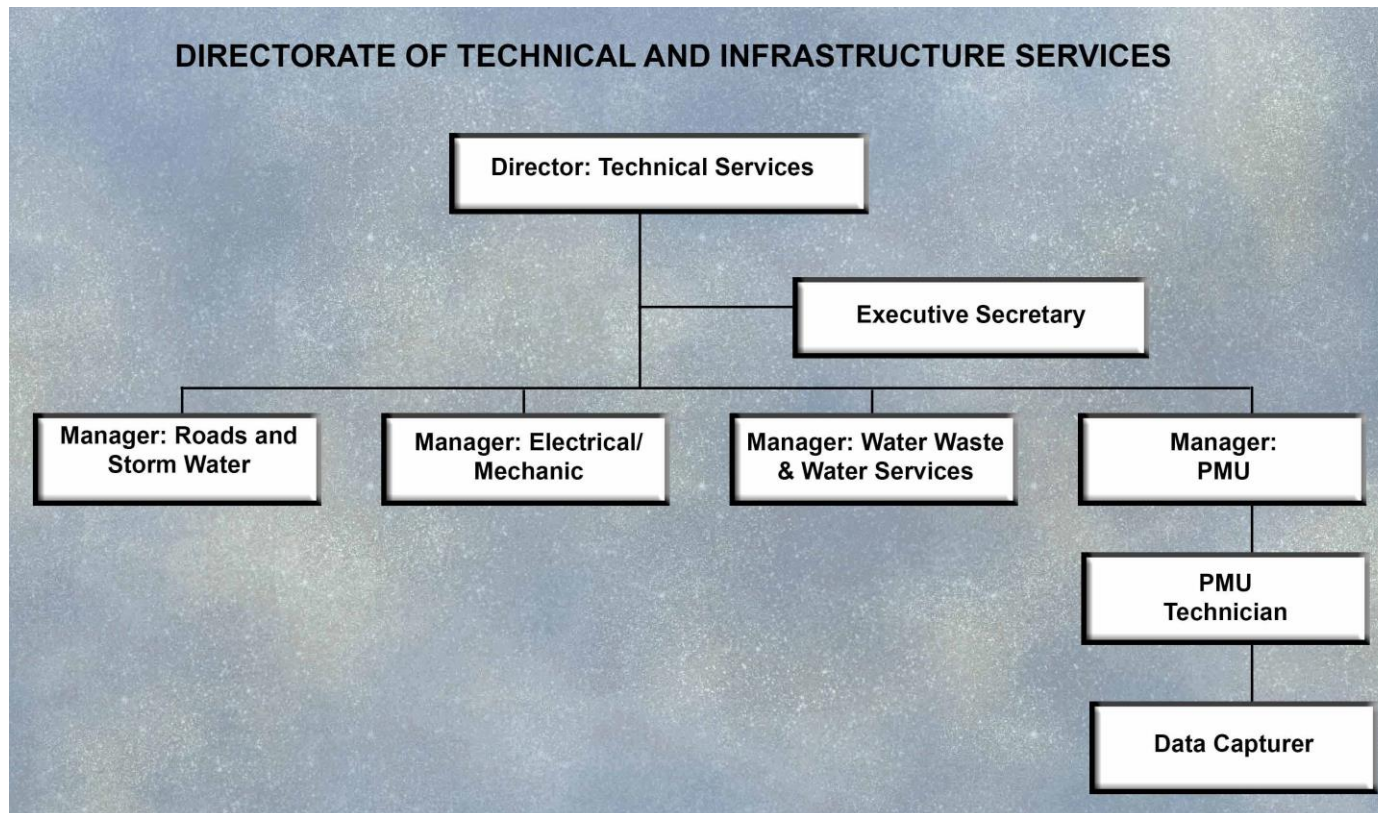
Per Person							As %					
	Employed	Unemployed	Discouraged work-seeker	Other not economically active	Age less than 15 years	Not applicable		Employed	Unemployed	Discouraged work-seeker	Other not economically active	Not applicable
Black African	11301	5708	2939	14052	-	21154	Black African	20.49	10.35	5.33	25.48	38.35
Coloured	61	8	5	63	-	47	Coloured	33.15	4.35	2.72	34.24	25.54
Indian or Asian	78	9	4	30	-	25	Indian or Asian	53.42	6.16	2.74	20.55	17.12
White	1880	121	55	903	-	1742	White	39.99	2.57	1.17	19.21	37.06
Other	85	9	4	15	-	25	Other	61.59	6.52	2.90	10.87	18.12

Official employment status according to Population as %



(Source: Census 2011)

Figure / Table 3.4: Organogram





## 3.1 Water Provision

### 2.2.1 Statistical Overview

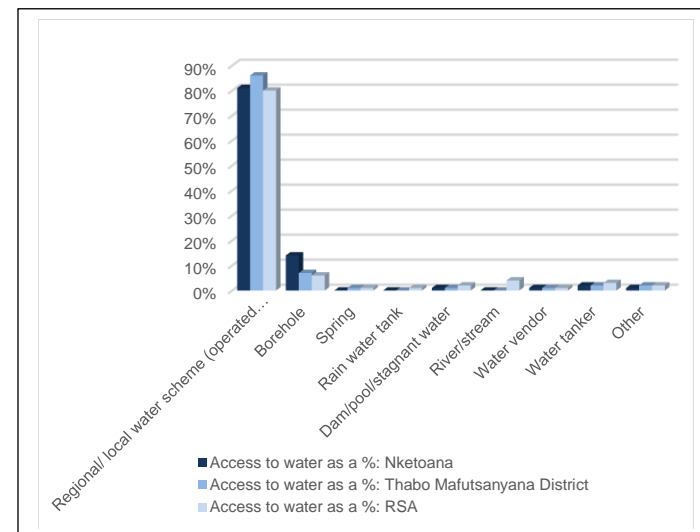
Figure / Table 3.5: Analysis of Access to Water: 2001, 2007, 2011

	Census 2001	CS 2007	Census 2011
Piped water inside the dwelling / Piped water inside the yard	77.7%	78.1%	80.7%
from access point outside the yard	19.6%	15.9%	0.0%
Borehole	0.6%	5.7%	14.3%
Spring	0.1%	-	0.2%
Dam / pool	0.5%	-	0.6%
River / stream	0.2%	-	0.1%
Water vendor	0.1%	0.1%	0.6%
Rainwater tank	0.4%	-	0.3%
Other	0.8%	0.2%	2.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(Source: Stats SA)

Figure / Table 3.6: Access to water: Nketoana, Thabo Mofutsanyana and RSA

	Nketoana	Access to water as a %: Nketoana	Thabo Mofutsanyana District	Access to water as a %: Thabo Mofutsanyana District	RSA	Access to water as a %: RSA
Regional/ local water scheme (operated by municipality or other water services provider)	13983	81%	188662	86%	11519312	80%
Borehole	2475	14%	14783	7%	881495	6%
Spring	33	0%	1317	1%	178799	1%
Rain water tank	52	0%	724	0%	141475	1%
Dam/pool/stagnant water	101	1%	1972	1%	225181	2%
River/stream	22	0%	566	0%	651246	4%
Water vendor	104	1%	1458	1%	176425	1%
Water tanker	440	2%	4549	2%	376423	3%
Other	108	1%	3853	2%	299806	2%
Not applicable			-		-	



(Source: Stats SA)

Figure / Table 3.7: Access to water according to category and per ward

	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool/stagnant water	River/stream	Water vendor	Water tanker	Other
FS193: Nketoana	13983	2475	33	52	101	22	104	440	108
Ward 1	1503	399	6	5	3	-	4	8	-
Ward 2	1856	3	1	1	-	-	1	-	7
Ward 3	1937	187	1	-	-	2	7	15	24
Ward 4	1317	349	4	-	5	1	10	64	13
Ward 5	1197	398	3	26	14	9	10	76	20
Ward 6	999	670	9	9	57	5	18	97	7
Ward 7	1416	465	9	8	19	5	41	143	7
Ward 8	1492	1	-	1	2	-	6	17	3
Ward 9	2267	3	-	-	1	-	7	21	26

(Source: StatsSa, Census, 2011)

Water	Y2015/16	Y2014/15	Y2013/14	Y2012/13	Y2011/12
Blue Drop Score	n/a	n/a	71.4	n/a	18.57
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced / commercialised?	No	No	No	No	No
Number of households and non-domestic customers	16 991	16 991	16 586	16 586	16 291
Number of households / delivery points	16 778	16 778	16 373	16 373	16 078
Inside the yard	15 062	15 062	13 757	13 757	13 342
Less than 200m from the yard	1 716	1 716	2 616	2 616	2 616
More than 200m from the yard	0	0	0	0	120
Domestic households with access to free basic services	5 124	4 150	4 932	3 478	15 831

(Source: StatsSa, <https://www.localgovernment.co.za>)

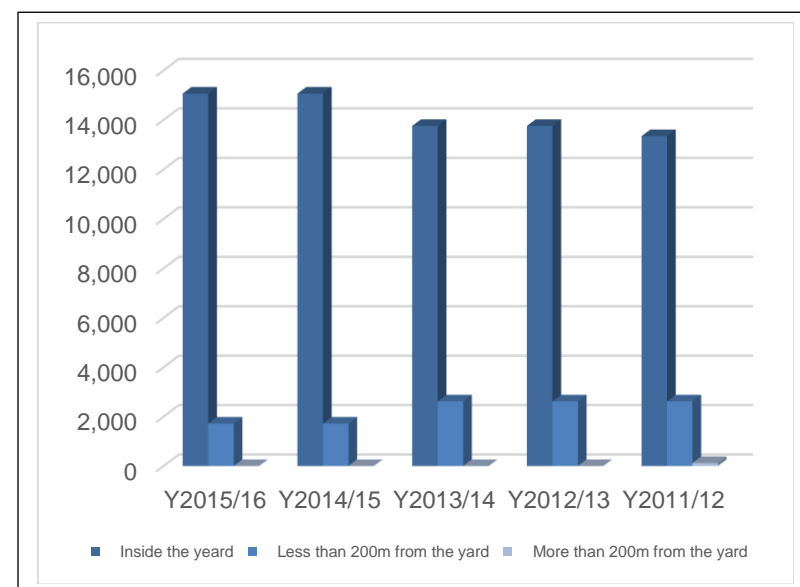
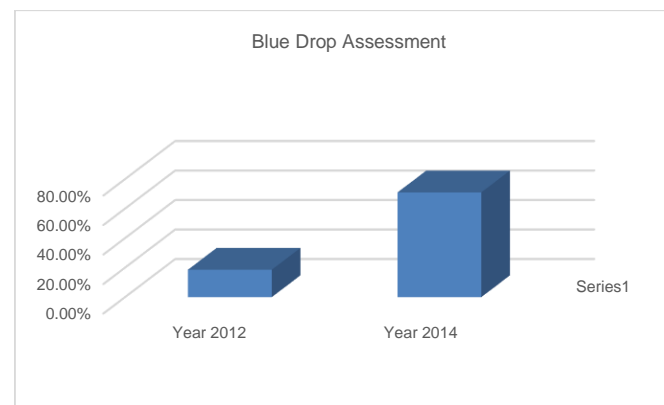


Figure / Table 3.8: Blue drop assessment results, 2014 (Published 2016)



#### Nketoana Municipality:

2012	2014
18.57 %	71%



#### Free State Province:

##### FS Provincial Blue Drop Certified systems

BLUE DROP CERTIFIED SYSTEMS				
2014 Log position	Blue Drop certified system	Blue Drop score	Water Services Authority	Water Services Provider
1	Makwane	97.90%	Maluti-a-Phofung Local Municipality	Maluti-a-Phufong LM, MAP Water
2	Fika Patso	97.65%	Maluti-a-Phofung Local Municipality	Maluti-a-Phufong, MAP Water
3	Harrismith	97.56%	Maluti-a-Phofung Local Municipality	Maluti-a-Phufong, MAP Water
4	Virginia	97.27%	Matjabeng Local Municipality	Sedibeng Water
5	Ventersburg	95.11%	Matjabeng Local Municipality	Sedibeng Water
6	Hennenman	95.01%	Matjabeng Local Municipality	Sedibeng Water

Maluti-a-Phofung Local Municipality together with Map water as WSP is the best performing municipality in the Province with an overall BD score of 97.66% followed by Matjabeng LM and Sedibeng Water, with a score of 93.60%. Nketoana Local municipality showed immense improvement from 19% in 2012 to 71% in 2014 whilst Phumelela LM also recorded a significant improvement, from 17.9% in 2012 to 61.3% in 2014. This is an outstanding achievement for both WSAs. It is disconcerting that Masilonyana and Mafube LMs performed poorly attaining BD scores of 30% and 29% respectively. The diagram below (Figure 4) shows the overall Provincial performance.

(Source: DWA, 2016)

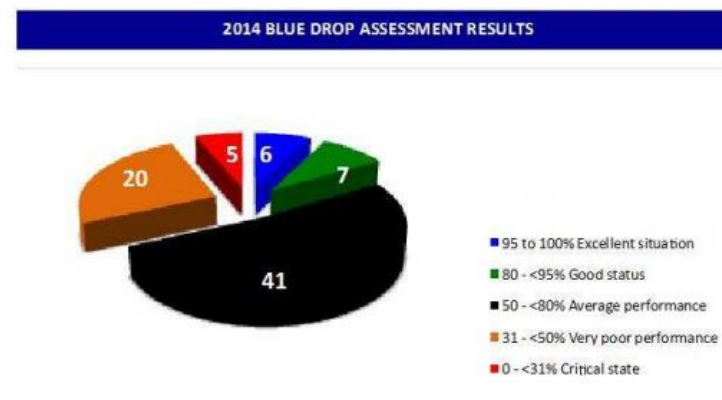
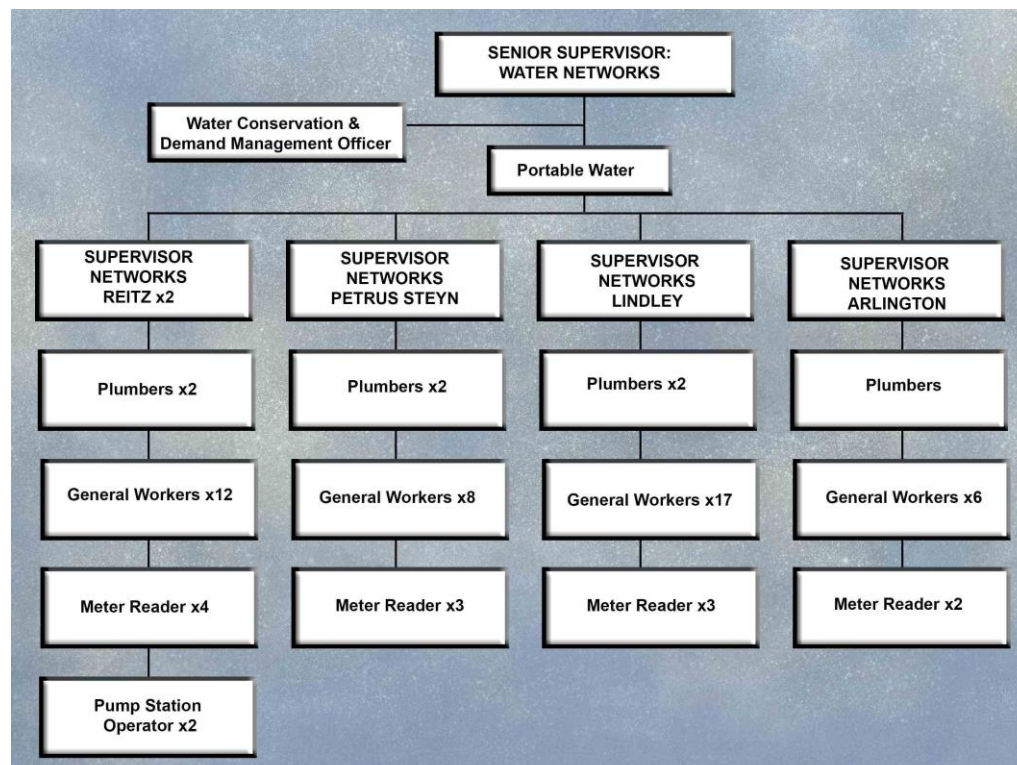
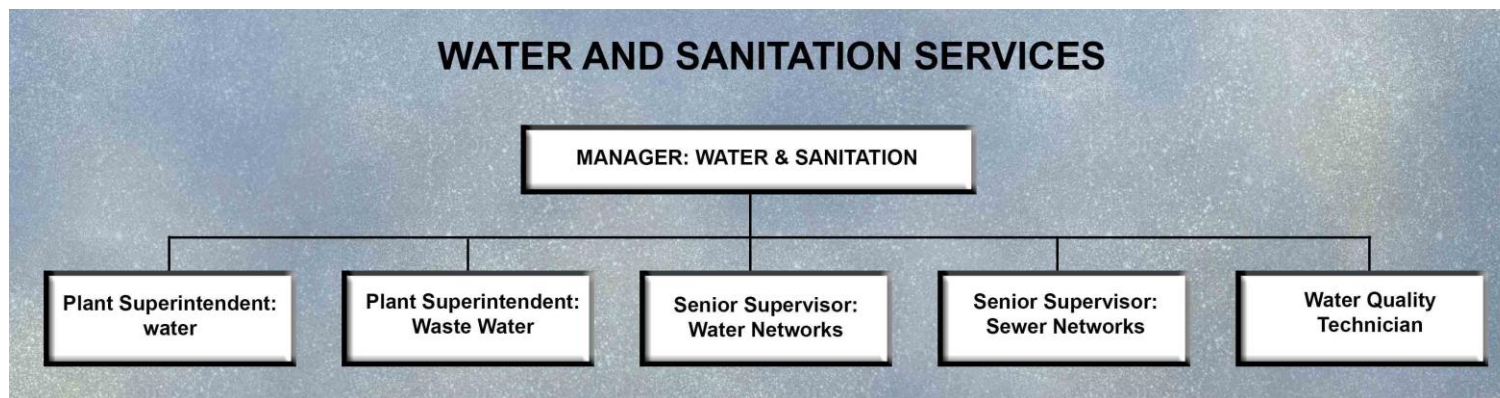


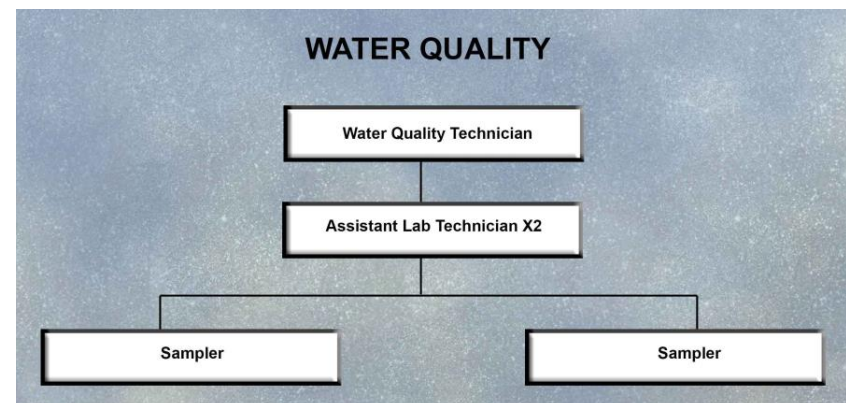
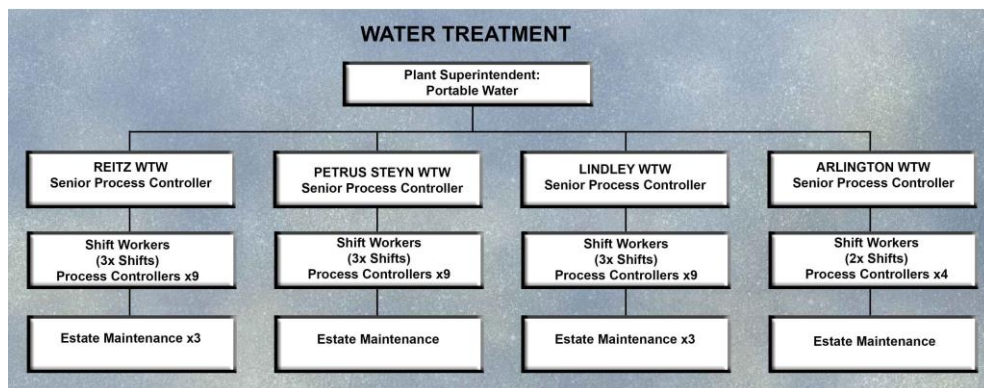


Figure / Table 3.9: Situation Analysis: Water

<i>Status Quo:</i>	Blue drop status: 71% (Improvement from 18.57% in 2012 to 71% in 2014)
<i>Reitz/Petsana</i>	The water supply in Reitz/Petsana is stable with the exception of high lying areas in Petsana where they don't get steady supply during spring and summer seasons. 350 houses in ward 6 are still accessing water through communal taps.
<i>Mamafubedu</i>	The water supply in Mamafubedu is unstable due to drought. Water is opened for eight (08) hours per day i.e. from 13h00 to 21h00. Water to New sites (ward 1) is supplied by water tankers
<i>Lindley/Ntha</i>	The water supply in Lindley/Ntha is unstable due to drought. Water is opened for four (04) hours per day i.e. from 16h00 to 21h00.
<i>Arlington/Leratswana</i>	The water supply in Arlington/Leratswana is unstable due to drought. Water is opened four three (03) hours per day i.e. from 16h00 to 20h00.
<i>Rural Areas:</i>	Water is delivered to farms by water tankers as and when requested.
<i>Other priority issues:</i>	
<i>Number/percentage of households without access at all and with below standard access and with access</i>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<i>Indicate all areas or settlements without access in terms of the basic service standards and provide reasons for lack of service</i>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<i>Indicate all areas or settlements with an unreliable service and provide reasons for this</i>	<ul style="list-style-type: none"> <li>• None</li> </ul>

Figure / Table 3.10: Organogram





#### Actual performance against SDBIP targets set for the 2017/18 Financial Year

<b>IDP Priority 1:</b>	Water
<b>Strategic Objective:</b>	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of water by 2014
<b>Outcomes:</b>	All (100% of) households in formal settlements having access to basic level of water by 2014. This includes 1,331 additional households provided with basic level of water (water connections) in Lindley and Petsana.
<b>Department:</b>	Technical Services
<b>Vote:</b>	Water
<b>Sub-function:</b>	Water Distribution

#### Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19

<b>Key Performance Area:</b>	Basic Service Delivery
<b>IDP Priority:</b>	Water
<b>Vote/Function:</b>	Water Infrastructure
<b>Directorate:</b>	Technical Services & Infrastructure Development

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target	1. Objective
													Annual Actual		2. Actual	2. Target
MM 105  Tech 13	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of water by 2018	14 000 households in formal urban areas, as defined in the IDP, have access to at least RDP level of potable water	Number of households with access to at least RDP level of water	14,000							14 000	14 000	<div><div>14 000</div><div>14 000</div></div>	1. <b>ACHIEVED</b>  2. Statistics from the billing system  3. -  4. -	1. 14 000  2. 14 000	1. To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of water by 2019  2. 14 000
MM 106  Tech 14		Upgrading of Reitz Purification Plant, RBIG	Capacity increase from 15 ml /d to 17ml/d  1 Project	1							1	0	<div><div>1</div><div>0</div></div>	1. <b>NOT ACHIEVED</b>  2.  3. Insufficient funding from DWS that resulted in delays of execution.  4. The matter was referred to the MM and Director Technical Services and will	1. 1  2. 0	1. To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of water by 2019  2. 1



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														most probably be settled in the 2018/2019 financial year		
MM 107  Tech 15		Reitz to Mamafube du Pipeline, 42km  Phase 1 : 5km  Phase 2 : 15km  Phase 3: 15km  Phase 4: 12km	Kilometer completed of 49km	15km			Phase 3: 15km				Phase 4: 12km		Phase 3: 15km  Phase 4: 12km  0	1. NOT ACHIEVED  2.  3. Due to challenges on the previous phases the 12 km could not be completed.  4. All challenges on the previous phases will be solved through intervention of the MM and Director Technical Services and then the project will be	1. 15km/12km  2. 0	1. 1. NOT ACHIEVED  2.  3. Insufficient funding from DWS that resulted in delays of execution.  4. The matter was referred to the MM and Director Technical Services and will most probably be settled in the 2018/2019 financial year

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			Annual Actual	1. Target 2. Actual
														completed in the 2018/2019 financial year		2. 15km 12km
MM 108  Tech 16		Reitz water Treatment Works: Upgrading of Raw water pump station and high lift pump station	1 Raw water pump station and 1 High lift Pump station to be completed	New							2= 1 Raw water pump station and 1 High lift Pump station	0	2=  1 Raw water pump station and 1 High lift Pump station	1. <b>NOT ACHIEVED</b>  2. –  3. Insufficient funding from DWS that resulted in delays of execution.  4. The matter was referred to the MM and Director Technical Services and will most probably be settled in the 2018/2019 financial year	NEW	1. Reitz water Treatment Works: Upgrading of Raw water pump station and high lift pump station  2. 2
													0			
	To ensure that 100%	Completion and	Number of WSDPs	New					1	0			1		1. 1	1. Completion

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 109  Tech 17	of households in formal settlements in the Nketoana municipal area have access to basic level of water by 2017	adoption of a legislative compliant Water Services Development Plan	developed and approved										0	1. <b>NOT ACHIEVED</b>  2. –  3. Financial constraints prevented appointment of service providers.  4. CoGTA and DWS will be requested to provide assistance with the development of a WSDP	2. 0	and adoption of a legislative compliant Water Services Development Plan  2. 1
MM 110  Tech 18	To ensure that there is enough storage (48 hours)	Construction of a 4ML reservoir in Mamafube du	Percentage progress in the project according to indicated milestones in the tender document	New							1	0	<div>1</div> 0	1. <b>NOT ACHIEVED</b>  2.  3. Insufficient funding from DWS that resulted in delays of execution.	NEW	1. Completion and adoption of a legislative compliant Water Services Development Plan  2. 1

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														4. The matter was referred to the MM and Director Technical Services and will most probably be settled in the 2018/2019 financial year		
MM 111  Tech 19		Development of a Water and Sanitation Operations and Maintenance Plan	Number of Water and sanitation Operation and Maintenance Plans developed	New							1	0	1	1. NOT ACHIEVED	1. 1 2. 0	1. Development of a Water and Sanitation Operations and Maintenance Plan  1. 1
													0	2. 3. No funding available to appoint a service provider. 3. Assistance will be requested from CoGTA and DWS		



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 112  Tech 20	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of water by 2018	Improve the blue drop assessment result of the municipality by a minimum of 10%	Percentage assessment score resulting from the blue drop evaluation process	71.4%							80%	0%	80%	1. NOT ACHIEVED 2. * 3. The Blue Drop assessment is done by DWS and it is still awaited. 4. To ensure that the municipality is ready whenever the assessment will be conducted. However, regular tests to ensure the safe and healthy quality of the water are continuously done	1. 80% 2. 71.4%	1. To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of water by 2018  2. 80%

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 113 Tech 21	To ensure that 30 farms have access to water source by 2017	Farms provided with clean, potable water when required	Number of farming communities provided with water	4-8							4	5	4	1. <b>ACHIEVED</b> 2. Logbooks 3. – 4. –	1. 4 2. 4	1. To ensure that 4 - 8 farms have access to water source by 2019
MM 114 Tech 22	To ensure that all (100%) of registered indigents have access to free basic water	All registered indigents have access to free basic water	Percentage of registered indigents having access to free basic water	100% registered indigents)	100 %		100 %		100 %		100% household s/ registered indigents)	100% household s/ registered indigents	100% household s/ registered indigents)	1. <b>ACHIEVED</b> 2. Copy of Indigent register as well as sample accounts. 3. – 4. –	1. 100% household s/ registered indigents 2. 100% household s/ registered indigents	1. 100% households / registered indigents 2. 100% households / registered indigents
MM 115 Tech 23		To conduct a War-on-Leaks Campaign in each town in the municipality to reduce water losses	Number of campaigns held reduce water losses	New	1	1	1	1	1	1	1	1	<div>4</div> <div>4</div>	1. <b>ACHIEVED</b> 2. Report 3. – 4. –	1. 4 2. 2	1. To conduct a War-on-Leaks Campaign in each town in the municipality to reduce water losses

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
																2. 4
MM 116 Tech 24	To promote growth, guide and regulate present and future development of the water and sanitation infrastructure.	Development of a Water and Sanitation Master Plan	Number of Master plan completed	New							1	0	1	1. NOT ACHIEVED 2. 3. No funding available to appoint a service provider. 3. Assistance will be requested from CoGTA and DWS	1. 1 2. 0	1. To promote growth, guide and regulate present and future development of the water and sanitation infrastructure. 2. 1
MM 117 Tech 25	To ensure that all resident have water in their yards	Reitz WTW to Reitz town Pipeline, 15km	Kilometer completed of 49km	New							15km	0	15km 0	1. NOT ACHIEVED 2. – 3. Insufficient funding from DWS that resulted in delays of execution. 4. The matter was	NEW	1. Reitz WTW to Reitz town Pipeline, 15km 2. 15km

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
													referred to the MM and Director Technical Services and will most probably be settled in the 2018/2019 financial year 3.			
MM 118 Tech 26	To ensure that residents have access to reliable water source	Reitz to Lindley Pipeline, 42km	Kilometer completed of 15km	NEW							42 km	0	<div>42 km</div> 0	1. NOT ACHIEVED  2. –  3. Insufficient funding from DWS that resulted in delays of execution.  4. The matter was referred to the MM and Director Technical Services and will most	NEW	1. To ensure that residents have access to reliable water source,  Reitz to Lindley Pipeline, 42km  2. 42km



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
													Annual Actual			
														probably be settled in the 2018/2019 financial year		



## 3.2 Waste Water (Sanitation) Provision

Figure / Table 3.11: Analysis of Access to Sanitation Facilities: 2001, 2007, 2011

	Census 2001	CS 2007	Census 2011
Flush toilet (connected b sewerage system)	10.6%	21.0%	57.0%
Flush toilet (with septic tank)	1.9%	6.2%	3.1%
Dry toilet facility	-	1.7%	2.1%
Chemical toilet	0.8%	3.0%	2.5%
Pit latrine with ventilation (VIP)	2.4%	21.0%	8.8%
Pit latrine without ventilation	15.3%	-	19.3%
Bucket latrine	54.6%	41.7%	2.1%
None	14.4%	5.4%	5.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(Source: StatsSA, 2001, 2007, 2011)



Figure / Table 3.12: Access to sanitation: Nketoana, Thabo Mofutsanyana and RSA

Category	Nketoana	Access to Sanitation as a % Nketoana	Thabo Mofutsanyana District	Access to sanitation as a %: Thabo Mofutsanyana District	RSA	Access to water as a %: RSA
None	494	3%	6522	3%	748592	5%
Flush toilet (connected to sewerage system)	10584	61%	106603	49%	8242924	57%
Flush toilet (with septic tank)	608	4%	6435	3%	442481	3%
Chemical toilet	25	0%	3259	1%	360703	3%
Pit toilet with ventilation (VIP)	900	5%	21631	10%	1266102	9%
Pit toilet without ventilation	2377	14%	56190	26%	2786068	19%
Bucket toilet	1991	11%	13877	6%	297847	2%
Other	338	2%	3368	2%	305444	2%

(Source: StatsSa; Census 2011)

Figure / Table 3.13: Trends Sanitation: 2001-2011

Census 2001			Community Survey 2007			Census 2011		
	Total households	% of households		Total households	% of households		Total households	% of households
Flush toilet (connected to sewerage system)	1657	11%	Flush toilet (connected to sewerage system)	3521	21%	None	494	3%
Flush toilet (with septic tank)	283	2%	Flush toilet (with septic tank)	1040	6%	Flush toilet (connected to sewerage system)	10584	61%
Chemical toilet	126	1%	Dry toilet facility	277	2%	Flush toilet (with septic tank)	608	4%
Pit latrine with ventilation (VIP)	362	3%	Pit toilet with ventilation (VIP)	506	3%	Chemical toilet	25	0%
Pit latrine without ventilation	2282	15%	Pit toilet without ventilation	3514	21%	Pit toilet with ventilation (VIP)	900	5%
Bucket latrine	8174	54%	Chemical toilet	0	0%	Pit toilet without ventilation	2377	14%
None	2156	14%	Bucket toilet system	6980	42%	Bucket toilet	1991	11%
Not applicable	3	0%	None	909	5%	Other	338	2%
Total	15039		Institutions	0	0%			
			Total	16748		Total	17317	

(Source: StatsSa, 2001, 2007, 2011)

Figure / Table 3.14: Access to sanitation according to category and per ward

	None	Flush toilet (connected to sewerage system)	Flush toilet (with septic tank)	Chemical toilet	Pit toilet with ventilation (VIP)	Pit toilet without ventilation	Bucket toilet	Other
FS193: Nketoana	494	10584	608	25	900	2377	1991	338
Ward 1	27	1309	122	-	61	151	233	27
Ward 2	28	478	21	1	41	4	1283	14
Ward 3	28	1948	29	-	49	45	15	60
Ward 4	84	1297	63	4	8	186	73	48
Ward 5	48	137	106	3	542	672	189	56
Ward 6	95	884	146	1	109	459	141	34
Ward 7	89	1453	92	-	78	364	6	33
Ward 8	14	1455	1	16	1	10	20	5
Ward 9	82	1623	29	-	13	488	31	61

(Source: StatsSa; Census 2011)





The Municipality's Green Drop Risk exposure is extremely high (95,6%), and all four plants failed the assessment.

The previous assessment in 2012 was 96%

#### Free State

The following municipalities are in critical and high risk positions and placed under regulatory surveillance and therefore require immediate intervention :

WSA Name	2014 Average CRR/CRRmax % deviation	WWTPs in critical and high risk space
Naledi LM	100%	Dewtsdorp, Van Stadensrus, Wepener
Nala	100%	Bothaville, Wesselsbron
Mafube LM	97.7%	Frankfort, Namahadi, Tweeling, Cornelia, Villiers
Letsemeng LM	97.7%	Jacobsdal, Koffiefontein, Luckhoff, Oppermans, Petrusburg
Mohokare LM	96.1%	Zastron, Rouxville, Smithfield
KopanongLM	96.1%	Edenberg, Fauresmith, Gariep Dam, Jagersfontein, Philippolis, Reddersburg, Springfontein, Trompsburg
Nketoana LM	95.6%	Lindley-Ntha, Petrus Steyn, Reitz
Tswelopele LM	94.1%	Hoopstad
Setsoto LM	93.2%	Clocolan, Marquard, Senekal
Ngwathe LM	90.6%	Heilbron, Koppies, Parys, Vredefort
Moghaka LM	88.1%	Steynsrus
Masilonyana LM	87.1%	Brandfort, Masili, Theunissen, Soutpan
Phumelela LM	86.3%	
Mantsopa LM	84.7%	
Metsimaholo	79.4%	
Dihlabeng LM	76.0%	Mautse, Rosendal
Matjhabeng LM	70.8%	Theronia
Mangaung LM	67.9%	Sterkwater
Maluti A Phofung LM	62.7%	
Tokologo LM	37.3%	

	Critical risks
	High risk
	Medium risk

(Source: DWA, 2016)

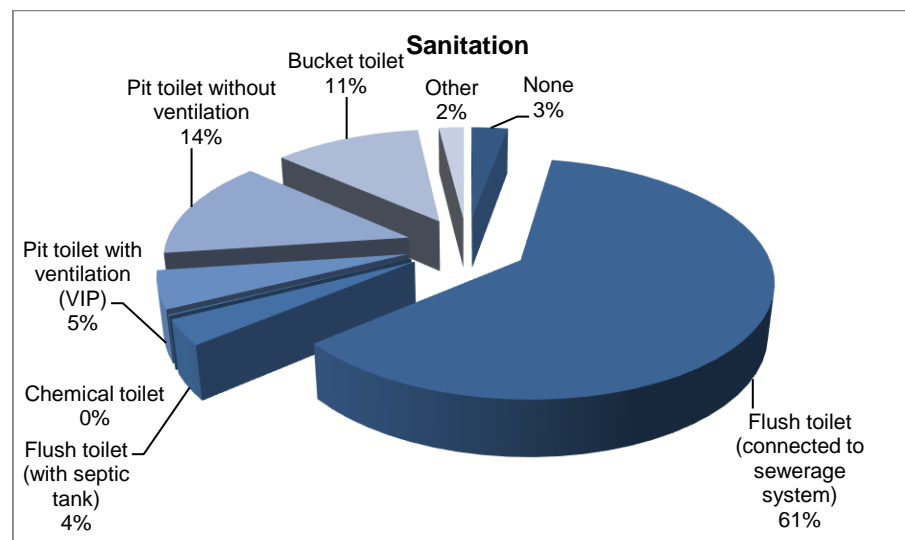


## Access to Sewerage and Sanitation

Sewerage and Sanitation	Y2015/16	Y2014/15	Y2013/14	Y2012/13	Y2011/12
Green Drop Score	n/a	n/a	n/a	0	0
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced / commercialized?	No	No	No	No	No
Number of households and non-domestic customers	15 751	15 751	15 570	15 173	14 288
Number of households using					
Flush toilet - public sewerage	11 658	11 658	11 658	11 658	9 389
Flush toilet - septic tank	169	169	169	0	13
Ventilated pit latrine	960	960	960	960	872
Bucket system	2 751	2 751	2 751	2 555	3 801
Other	0	0	0	0	0
Domestic households with access to free basic services	5 562	4 084	7 932	3 475	3 475

(Source: StatsSa, <https://www.localgovernment.co.za>)

Figure / Table 3.15: Sanitation



(Source: StatsSa; Census 2011)

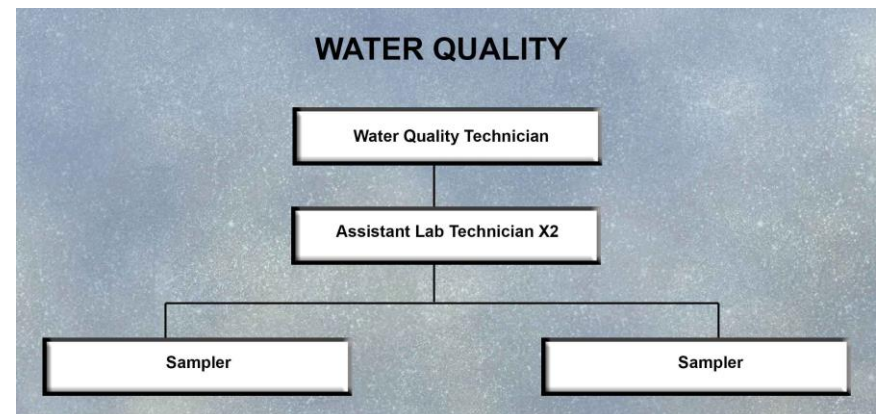
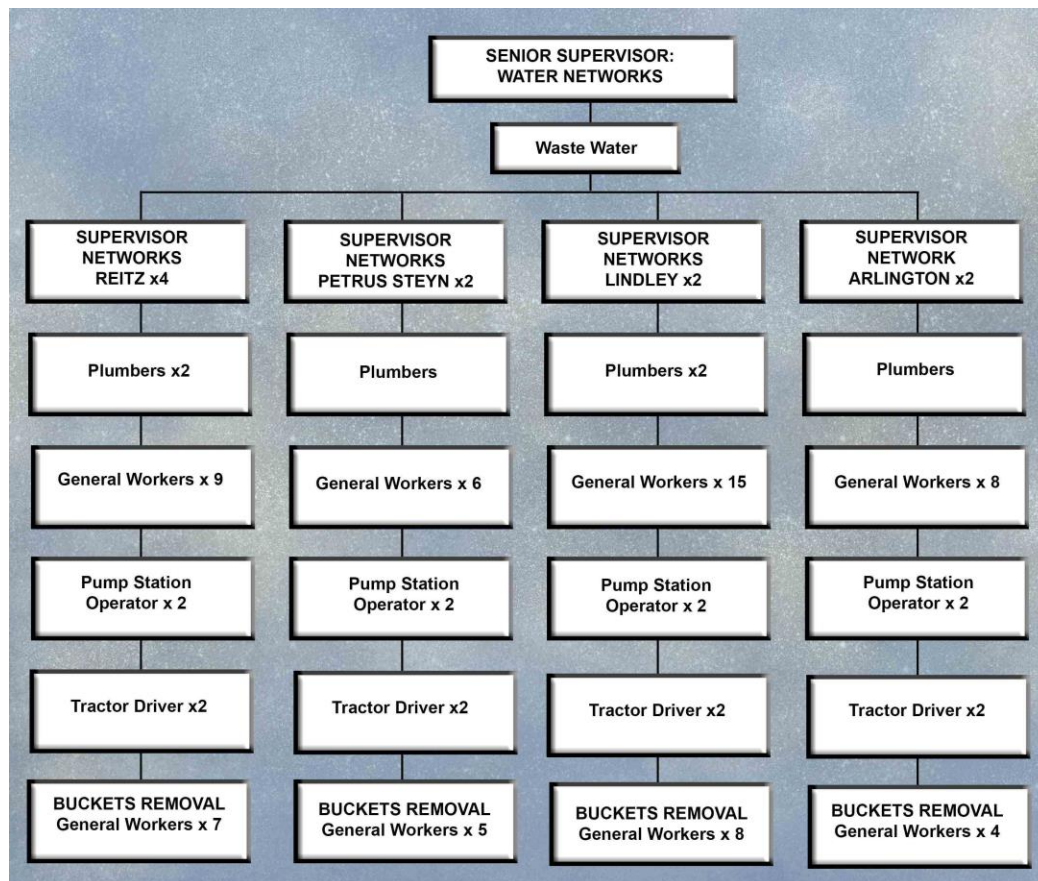


Figure / Table 3.16: Status Quo Analysis: Sanitation

<b>Status Quo:</b>	
<i>General:</i>	<ul style="list-style-type: none"> <li>Most the households have got access to water born sewerage and those without are either using VIP or Buckets systems.</li> </ul>
<i>Resource consideration:</i>	<ul style="list-style-type: none"> <li>The municipality should consider using grey water system in its all future toilets establishment.</li> </ul>
<i>Indicate all areas or settlements without access in terms of the basic service standards and provide reasons for lack of service</i>	<ul style="list-style-type: none"> <li>None</li> </ul>
<i>Indicate all areas or settlements with an unreliable service and provide reasons for this</i>	<ul style="list-style-type: none"> <li>None</li> </ul>
<i>Indicate other challenges that are not highlighted above</i>	<ul style="list-style-type: none"> <li>None</li> </ul>



Figure / Table 3.17: Organogram



<b>IDP Priority 2:</b>	Sanitation
<b>Strategic Objective:</b>	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2017
<b>Outcomes:</b>	100% of households in formal settlements have access to basic level of sanitation
<b>Vote:</b>	Waste Water Management
<b>Sub-function:</b>	Sewerage

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Sanitation</b>
<b>IDP Priority:</b>	<b>Sanitation</b>
<b>Vote/Function:</b>	<b>Waste Water Management</b>
<b>Directorate:</b>	<b>Technical Services &amp; Infrastructure Development</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
<b>MM 119 Tech 28</b>	To ensure that 100% of households in formal	15,331 households have access to at least RDP	Number of households with access to basic level of sanitation	13 000	14 000	14 000	14 000	14 000	14 000	14 000	14 000	14 000	14 000 14 000	1. <b>ACHIEVED</b> 2. Statistics from	1. 14 000 2. 14 000	1. To ensure that 100% of households in formal

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
	settlements in the Nketoana municipal area have access to basic level of sanitation by 2018	level of sanitation											Finance on monthly billing as well as sample accounts  3. – 4. –		settlements in the Nketoana municipal area have access to basic level of sanitation by 2019  2. 15 331	
MM 120 Tech 29	Reitz: Upgrade of Waste Water Treatment Works (WWTW)  Phase 1: R10 510 442.54  Phase 2:	Percentage progress in the project according to indicated milestones in the tender document	Explanation of the 10%: The project is a multi-year project and done in Phases. The 10% refers to the progress with the project for the 2017/2018 financial year according to specifications and milestones/targets as found in the tender document. The tender document will be submitted as part of the evidence to confirm recorded performance.	New							10%	0	<div><div></div><div>10%</div><div>0</div></div> 1. NOT ACHIEVED  2.  3. Not sufficient funding only EIA completed.  4. Application for funding to complete the project	1. 10%  2. 0%	1. Reitz: Upgrade of Waste Water Treatment Works (WWTW)  Phase 1: R10 510 442.54  Phase 2: R4 980 350.76  Phase 3:	

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
	R4 980 350.76  Phase 3:  R2 589 456.00													must still be done.		R2 589 456.00  2. Phase 1
MM 121  Tech 30	To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2017	Completion and adoption of a legislative compliant Water Services Development Plan	Number of WSDPs developed and approved								1	0	1	1. <b>NOT ACHIEVED</b>  2. -  3. No funding available to appoint a service provider.  4. Assistance will be requested from CoGTA and DWS to compile the WSDP	1. 1  2. 0	1. To ensure that 100% of households in formal settlements in the Nketoana municipal area have access to basic level of sanitation by 2019  2. 1
													0			

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedbac k  2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2 017	2018/201 9
	Objecti ve	Indicator	Unit of measurement		July- Sept 2017	Actu al	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objectiv e 2. Target
MM 122 Tech 31	Green Drop	Improve ment of the municipal ity's green drop assessm ent score template	Improvement in the Percentage(asse ssment score) as awarded during the assessment by National DWA	18%							40%	18%	40%	1. NOT ACHIEVE D  2. -  3. The Green Drop assessme nt is done by DWS and it is still awaited.  4. To ensure that the municipali ty is ready whenever the assessme nt will be conducte d. However, regular tests to ensure the safe and healthy quality of the water are	1. 40% 2. 18%	1. Improve ment of the municipal ity's green drop assessm ent score template  2. 40%



Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedbac k  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2 017	2018/201 9
	Objecti ve	Indicator	Unit of measurement		July- Sept 2017	Actu al	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual			1. Target	1. Objectiv e
													Annual Actual		2. Actual	2. Target
													continuu sly done			
MM 123 Tec h 32	To ensure that 100% of househ olds in formal settleme nts in the Nketoan a municip al area have access to basic level of sanitatio n by 2017	All registere d indigents having access to at least RDP level of free basic sanitation	Percentage of registered indigents having access to free basic level of sanitation	100%	100% of register ed Indigent househ olds		100% of 6,366 register ed Indigent househ olds	100% of 6,366 register ed Indigent househ olds	100% of 6,366 register ed Indigent househ olds	100% of 6,366 register ed Indigent househ olds	100% of 6,366 registere d Indigen t house holds	100% of 6,366 register ed Indigent househ olds	100% of 6,366 registere d Indigent househol ds	1. <b>ACHIEVE D</b>  2. Copy of Indigent Register as well as sample accounts  3. –  4. –	1. 100% of all register ed indigent s  2. 100% of all register ed indigent s	1. To ensure that 100% of househol ds in formal settlemen ts in the Nketoana municipal area have access to basic level of sanitation by 2017  2. 100% of all registere d indigents
													100% of 6,366 register ed Indigent househo lds			

### 3.3 Electricity

Figure / Table 3.18: Energy or fuel for cooking: Nketoana, Thabo Mofutsanyana and RSA

	Nketoana	Energy or fuel for cooking as a %: Nketoana	Thabo Mofutsanyana District	Energy or fuel for cooking as a %: Thabo Mofutsanyana	RSA	Energy or fuel for cooking as a %: RSA
<b>None</b>	28	0%	410	0%	31390	0%
<b>Electricity</b>	12831	74%	169669	78%	10675094	74%
<b>Gas</b>	466	3%	8192	4%	507616	4%
<b>Paraffin</b>	611	4%	15990	7%	1227337	8%
<b>Wood</b>	2817	16%	17840	8%	1807606	13%
<b>Coal</b>	391	2%	4288	2%	104171	1%
<b>Animal dung</b>	153	1%	1207	1%	45349	0%
<b>Solar</b>	16	0%	233	0%	22255	0%
<b>Other</b>	5	0%	56	0%	29344	0%

(Source: Census 2011)

Figure / Table 3.19: Energy or fuel for cooking according to category and per ward

	None	Electricity	Gas	Paraffin	Wood	Coal	Animal dung	Solar	Other
<b>FS193: Nketoana</b>	28	12831	466	611	2817	391	153	16	5
<b>Ward 1</b>	1	1628	60	32	178	27	2	-	-
<b>Ward 2</b>	4	1515	26	37	229	48	8	2	-
<b>Ward 3</b>	5	1929	15	44	131	14	28	6	2
<b>Ward 4</b>	3	1368	53	53	227	5	52	1	1
<b>Ward 5</b>	4	1215	53	124	314	21	22	-	-
<b>Ward 6</b>	-	1044	95	41	620	44	22	3	-
<b>Ward 7</b>	3	1490	66	72	398	72	13	-	1
<b>Ward 8</b>	4	1271	33	40	87	81	4	1	-
<b>Ward 9</b>	4	1370	65	168	635	80	2	3	-

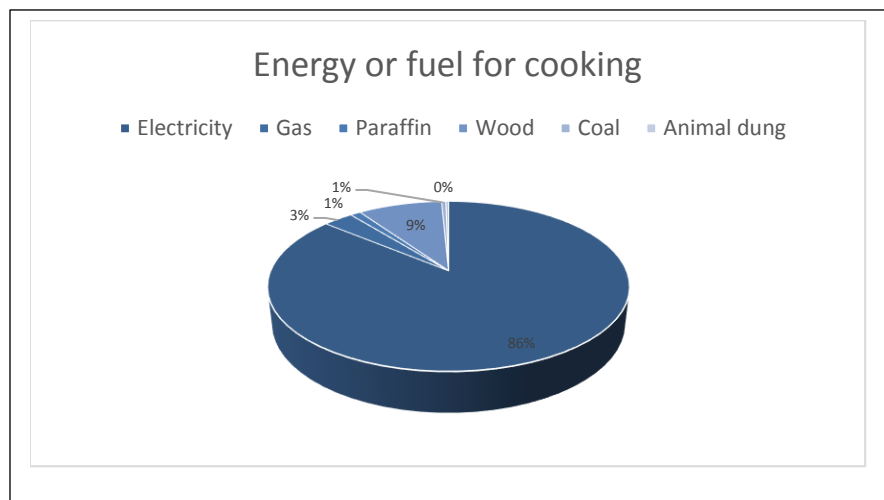
(Source: StatsSa)

Figure / Table 3.20: Energy or fuel for cooking: 2001-2016

	Census 2001			Community Survey 2007			Census 2011			Community Survey 2016	
	Total house-holds	% of house-holds		Total house-holds	% of house-holds		Total house-holds	% of house-holds		Total house-holds	% of house-holds
None	0	0%		0	0%		28	0%			
Electricity	5327	36%		9195	55%		12831	74%		55810	86%
Gas	473	3%		450	3%		466	3%		2056	3%
Paraffin	2761	18%		3374	20%		611	4%		718	1%
Wood	3214	22%		2197	13%		2817	16%		5824	9%
Coal	2726	18%		1130	7%		391	2%		296	0%
Animal dung	457	3%		402	2%		153	1%		189	0%
Solar	49	0%		0	0%		16	0%			
Other	32	0%		0	0%		5	0%			
Not applicable	-										

(Source: StatsSa)

Figure / Table 3.21: Energy or fuel for cooking



(Source: StatsSa: Community Survey 2016)

Figure / Table 3.22: Energy or fuel for heating: Nketoana, Thabo Mofutsanyana and RSA

	Nketoana	Energy or fuel for heating as a %: Nketoana	Thabo Mofutsanyana District	Energy or fuel for heating as a %: Thabo Mofutsanyana	RSA	Energy or fuel for heating as a %: RSA
None	1142	7%	14999	7%	1773372	12%
Electricity	9397	54%	105114	48%	8503109	59%
Gas	440	2%	7825	4%	357062	3%
Paraffin	447	3%	37974	17%	1230223	9%
Wood	4494	26%	33582	15%	2203384	15%
Coal	1193	7%	16486	8%	293949	2%
Candles (not a valid option)	0	0	-	0%	-	0%
Animal dung	185	1%	1612	1%	48251	0%
Solar	19	0%	281	0%	38370	0%
Other	2	0%	11	0%	2442	0%

(Source: Census 2011)

Figure / Table 3.23: Energy or fuel for heating: 2001-2016

Census 2001			Community Survey 2007		Census 2011		Community Survey 2016	
	Total house-holds	% of house-holds	Total house- holds	% of house-holds	Total house-holds	% of house-holds	Total house- holds	% of house-holds
None	0	0%	0	0%	1142	7%	364	1%
Electricity	4316	29%	5071	30%	9397	54%	56680	87%
Gas	166	1%	148	1%	440	2%	808	1%
Paraffin	1337	9%	1887	11%	447	3%	626	1%
Wood	3737	25%	3273	20%	4494	26%	5939	9%
Coal	4720	31%	5750	34%	1193	7%	222	0%
Animal dung	470	3%	289	2%	0	0	0	0
Solar	57	0%	0	0%	185	1%	137	0%
Other	233	2%	329	2%	19	0%	100	0%
Not applicable	-		-		2	0%		

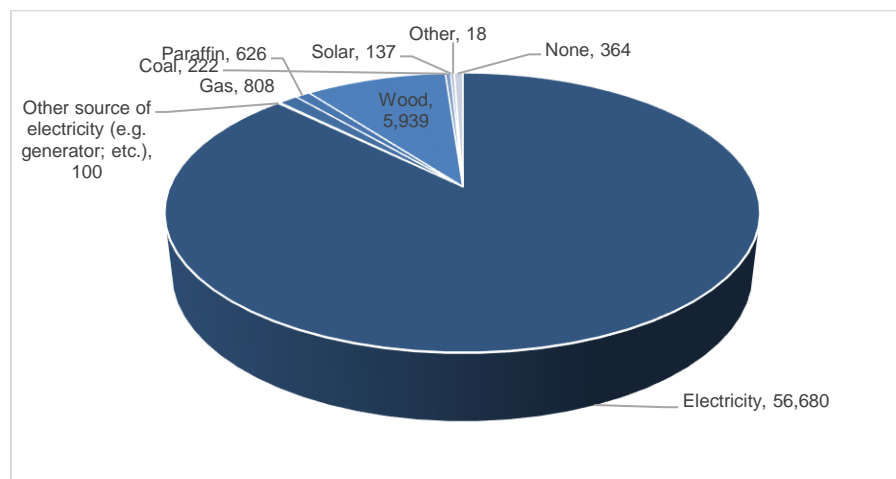
(Source: Census 2001, Community Survey 2007, Census 2011, Community Survey 2016)

Figure / Table 3.24: Energy or fuel for heating according to category and per ward

	None	Electricity	Gas	Paraffin	Wood	Coal	Candles (not a valid option)	Animal dung	Solar	Other
<b>FS193: Nketoana</b>	1142	9397	440	447	4494	1193	0	185	19	2
<b>Ward 1</b>	70	1267	40	27	394	126	-	3	1	-
<b>Ward 2</b>	235	879	29	29	548	136	-	12	1	1
<b>Ward 3</b>	160	1600	30	44	230	71	-	36	2	-
<b>Ward 4</b>	223	904	88	41	375	61	-	66	4	1
<b>Ward 5</b>	96	868	24	57	631	45	-	29	3	-
<b>Ward 6</b>	103	840	93	23	734	55	-	21	-	-
<b>Ward 7</b>	68	1264	77	67	473	150	-	12	2	-
<b>Ward 8</b>	99	830	28	40	206	311	-	5	3	-
<b>Ward 9</b>	87	944	29	119	904	239	-	1	3	-

(Source: StatsSA, Census 2011)

Figure / Table 3.25: Energy or fuel for heating



(Source: StatsSa: Community Survey 2016)

Figure / Table 3.26: Energy or fuel for lighting: Nketoana, Thabo Mofutsanyana and RSA

	Nketoana	Energy or fuel for lighting as a %: Nketoana	Thabo Mofutsanyana District	Energy or fuel for lighting as a %: Thabo Mofutsanyana	RSA	Energy or fuel for lighting as a %: RSA
None	30	0%	426	0%	46621	0%
Electricity	14661	85%	189939	87%	12242401	85%
Gas	11	0%	246	0%	34347	0%
Paraffin	106	1%	2196	1%	426205	3%
Candles (not a valid option)	2459	14%	24625	12%	1649082	12%
Solar	50	0%	452	0%	51505	0%
Unspecified	-		-			
Not applicable	-		-			

(Source: Census 2011)

Figure / Table 3.27: Energy or fuel for lighting: 2001-2016

Census 2001			Community Survey 2007		Census 2011		Community Survey 2016	
	Total house-holds	% of house-holds	Total house- holds	% of house-holds	Total house-holds	% of house-holds	Total house- holds	% of house-holds
None	0	0%	0	0%	30	0%	0	
Electricity	11459	76%	12016	72%	14661	85%	59925	92%
Gas	20	0%	17	0%	11	0%	18	0%
Paraffin	213	1%	375	2%	106	1%	630	1%
Candles	3178	21%	4256	25%	2459	14%	3929	6%
Solar	101	1%	0	0%	50	0%	124	0%
Other	67	1%	84	1%	0	0%	57	0%
Not applicable	3	0%	0	0%	0	0%		

(Source: Statistics South Africa, 2001, 2007, 2011, 2016)

Figure / Table 3.28: Energy or fuel for lighting according to category and per ward

Wards	None	Electricity	Gas	Paraffin	Candles (not a valid option)	Solar
<b>FS193: Nketoana</b>	30	14661	11	106	2459	50
<b>Ward 1</b>	-	1785	-	3	136	5
<b>Ward 2</b>	3	1716	2	7	142	-
<b>Ward 3</b>	5	2035	-	9	120	4
<b>Ward 4</b>	2	1495	3	7	252	4
<b>Ward 5</b>	5	1328	-	17	391	13
<b>Ward 6</b>	2	1390	1	20	444	12
<b>Ward 7</b>	6	1806	3	4	291	3
<b>Ward 8</b>	1	1461	-	4	56	-
<b>Ward 9</b>	6	1645	3	35	629	8

(Source: Statistics South Africa, Census, 2011)

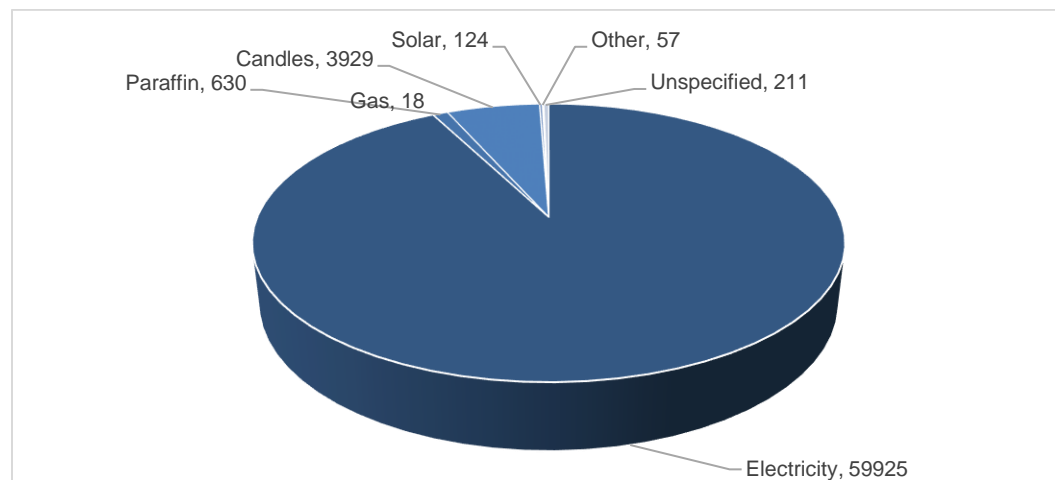


Figure / Table 3.29: Electricity 2011-2016

Electricity	Y2015/16	Y2014/15	Y2013/14	Y2012/13	Y2011/12
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced / commercialized?	Yes	Yes	Yes	Yes	Yes
Number of households and non-domestic customers	17 740	17 076	16 375	15 454	14 136
Domestic households with access to free basic services	5 522	3 811	4 237	2 923	14 074

(Source: <https://www.localgovernment.co.za>)

Figure / Table 3.29: Energy or fuel for lighting



(Source: Statistics South Africa, Community Survey 2016)

Figure / Table 3.30: Situation Analysis, Electricity

<p><i>Status Quo:</i></p>	<ul style="list-style-type: none"> <li>• <b><u>Reitz Town:</u></b>  Nketoana receives Bulk Electricity supply from Eskom at an NMD of 8.5 MVA for Reitz Town and distributes it to about 1092 Consumers. The current Demand for Reitz Town is 7.6 MVA. Electricity supply in Reitz is stable with some interruptions due to aged infrastructure and natural causes. Protection on Switch gear at Reitz Main Substation was upgraded during the previous financial year (2015/2016).  Reitz town has 07 semi-skilled Personnel to repair and maintain the Electricity Infrastructure.</li> <li>• <b><u>Mamafubedu Town:</u></b>  Nketoana receives Bulk Electricity supply from Eskom at an NMD of 1.5 MVA for Mamafubedu Town and distributes it to about 401 Consumers. The current Demand for Mamafubedu Town is 1.3 MVA. Electricity supply in Mamfubedu is stable with some interruptions due to aged infrastructure and natural causes. No project has been implemented in Mamafubedu Town during the previous financial year 2015/2016.  Mamafubedu town has 04 semi-skilled Personnel to repair and maintain the Electricity Infrastructure.</li> <li>• <b><u>Lindley and Ntha.</u></b>  Nketoana receives Bulk Electricity supply from Eskom at an NMD of 3.5 MVA for Lindley/ Ntha and distributes it to about 4185 Consumers. The current Demand for Lindley/ Ntha is 2.6 MVA. Electricity supply in Lindley and Ntha is stable with some interruptions due to aged infrastructure and natural causes. Switch gear at Lindley main Substation was upgraded during the previous financial year 2015/2016 and also a 150m, 50mm<sup>2</sup> XLPE cable was upgraded to 70mm<sup>2</sup> at Lindley Main Substation. A 400m, 11KV line was constructed in Ntha Ext. 5 and 64 households were connected in Ntha Ext. 5 during the Phase 3 Electrification project in 2015/2016.  Lindley and Ntha has 07 semi-skilled Personnel to repair and maintain the Electricity Infrastructure.</li> <li>• The following areas within Nketoana Municipality are supplied by Eskom and Nketoana Municipality only repair and maintain Street lights in those areas. Namely: Petsana Township, Mamafubedu Township, Arlington Town and Leratswana Township.</li> <li>• All Rural areas within Nketoana jurisdiction are also supplied by Eskom.</li> </ul>
<p><i>Areas without access to</i></p>	<ul style="list-style-type: none"> <li>• Petsana Ext.6 with 800 sites in Eskom distribution area. These sites need to be occupied for Eskom to electrify them.</li> <li>• Petsana Informal Settlements with 2224 sites in Eskom distribution area, These Settlements need to be formalized for Eskom to electrify them.</li> </ul>

electricity or other forms of energy	
Areas with access to electricity and the reliability thereof	<ul style="list-style-type: none"> <li>Reitz town (1092), Mamafubedu town (401), Lindley town (296) and Ntha Township (3889). Electricity supply in is stable in all areas, however with some small interruptions due to aged infrastructure and natural causes.</li> </ul>
Other challenges	<ul style="list-style-type: none"> <li>No other challenges beside the above mentioned.</li> </ul>
Other issues:	<ul style="list-style-type: none"> <li>Attention also need to be paid to installation of Energy efficient street lighting, however the challenge is lack funding.</li> </ul>

Figure / Table 3.31: Status Quo Analysis: Electricity

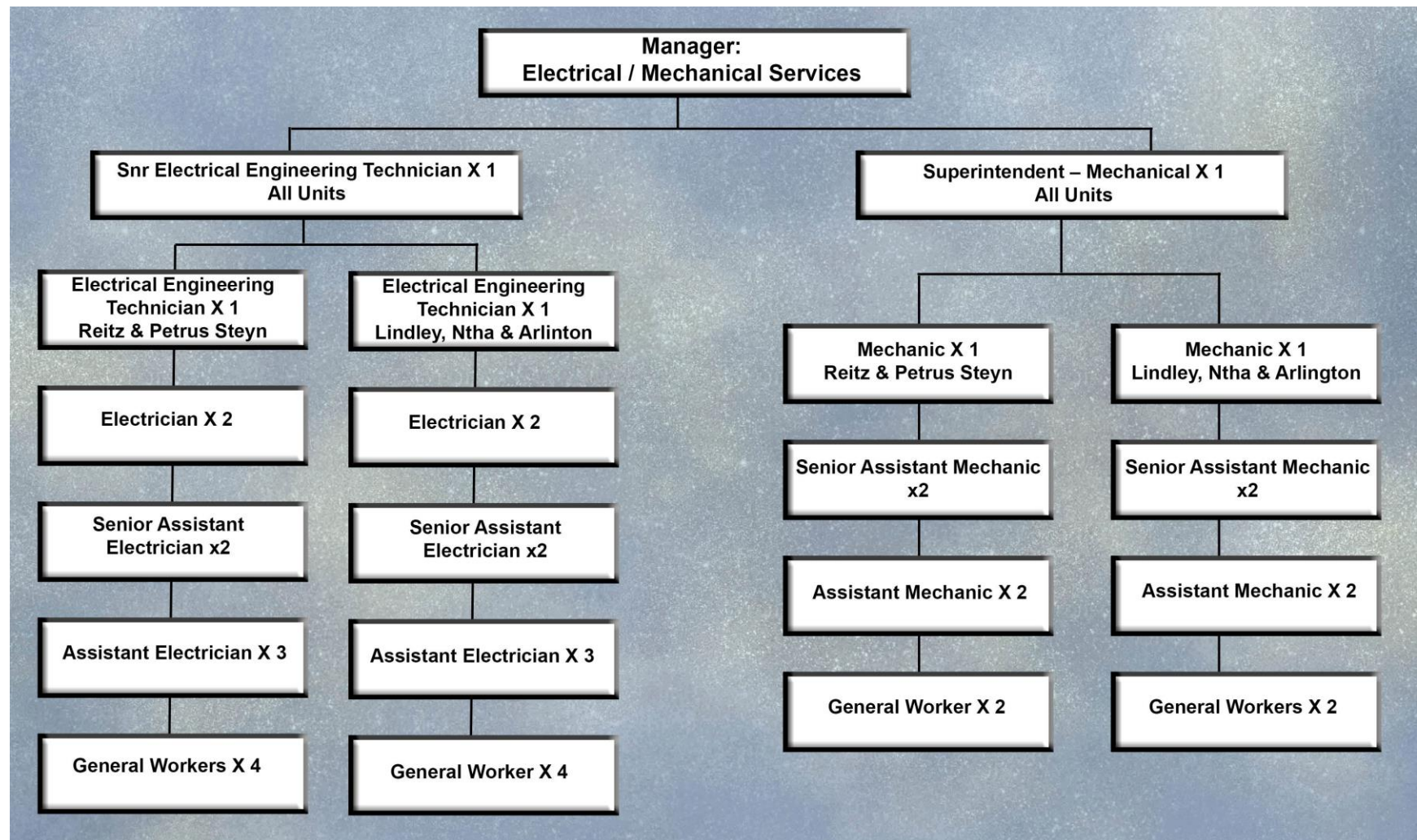
Energy source for lighting					Energy source for lighting (Values expressed as %)				
Ward	None	Electricity - Solar	Gas - Paraffin	Candles (not a valid option)	Ward	None	Electricity - Solar	Gas - Paraffin	Candles (not a valid option)
Ward 1	0	1,790	3	136	Ward 1	0.00%	92.79%	0.16%	7.05%
Ward 2	3	1,716	9	142	Ward 2	0.16%	91.76%	0.48%	7.59%
Ward 3	5	2,040	9	120	Ward 3	0.23%	93.84%	0.41%	5.52%
Ward 4	2	1,499	10	252	Ward 4	0.11%	85.03%	0.57%	14.29%
Ward 5	5	1,341	17	391	Ward 5	0.29%	76.45%	0.97%	22.29%
Ward 6	2	1,402	21	444	Ward 6	0.11%	75.01%	1.12%	23.76%
Ward 7	6	1,810	7	291	Ward 7	0.28%	85.62%	0.33%	13.77%
Ward 8	1	1,461	4	56	Ward 8	0.07%	95.99%	0.26%	3.68%
Ward 9	6	1,653	38	629	Ward 9	0.26%	71.07%	1.63%	27.04%

Energy source for cooking						Energy source for heating					
Ward	None	Electricity	Gas, paraffin and Solar	Wood, Coal and Animal dung	Other - Not applicable	Ward	None	Electricity - Solar	Gas - Paraffin	Wood - Coal	Candles (not a valid option) - Animal dung
Ward 1	1	1,628	92	207	-	Ward 1	70	1,268	67	520	3
Ward 2	4	1,515	66	284	-	Ward 2	235	880	58	683	12
Ward 3	5	1,929	65	172	2	Ward 3	160	1,602	75	301	36
Ward 4	3	1,368	108	283	1	Ward 4	223	908	128	436	66
Ward 5	4	1,215	177	357	-	Ward 5	96	871	82	675	29
Ward 6	-	1,044	139	686	-	Ward 6	103	840	116	788	21
Ward 7	3	1,490	138	483	1	Ward 7	68	1,267	144	623	12
Ward 8	4	1,271	74	172	-	Ward 8	99	833	69	517	5
Ward 9	4	1,370	235	717	-	Ward 9	87	946	148	1,143	1

(Source: Statistics South Africa, Census, 2011)

Figure / Table 3.32: Organogram



<b>IDP Priority 8:</b>	Electricity Reticulation
<b>Strategic Objective:</b>	To ensure that 100% of households in the Nketoana municipal area have access to electricity
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>100% of households in formal areas with access to electricity</li> <li>11 high mast lights constructed</li> <li>Alternative energy solutions (long-term strategy): Feasibility study to explore alternative sources of energy</li> </ul>
<b>Vote:</b>	Electricity
<b>Sub-function:</b>	Electricity Distribution

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Basic Service Delivery</b>
<b>IDP Priority:</b>	<b>Electricity</b>
<b>Vote/Function:</b>	<b>Connection and Reticulation, Development and Planning</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
<b>MM 124</b>	Upgrading of MV Infrastructure in	Upgrade Electricity MV Infrastructure	Length of cables and power	New							7.86 km		7.86 km	1. <b>ACHIEVED</b>	NEW	1. – 2. –



Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/20 17	2018/2019
	Objective	Indicator	Unit of measurem ent		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual	Annual Actual		1. Target  2. Actual	1.Objecti ve  2. Target
Tec h 33	Reitz, PetrusSteyn and Ntha.	re in Reitz (2.8 km), PetrusSteyn (2.7 km) and Ntha (300m)  according to the requireme nts of the contract documenta tion and project specificatio n	lines upgraded.										7.86 km	2. Progress reports as well as Practical Completio n Certificate  3. –  4. –		
MM 125  Tec h 34	Upgrade Sports ground Substatio ns MV Switch gear in Reitz.	04 Upgraded Substation' s switch gears according to the requireme nts of the contract documenta tion and project specificatio n	Number of Switchgear s upgraded.	New							04	04	04  4	1. ACHIEVE D  2. Progress reports as well as Practical Completio n Certificate  3. –  4. –	NEW	1. –  2. -



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1.Objective  2. Target
MM 127 Tech 36	Repairs & Maintenance of street lights and other infrastructure according to the weekly plan and customer reports	Reports on repairs and maintenance.	Maintenance Plans are finalized on a weekly basis, with repairs and maintenance being performed on a daily basis. These Plans serve as the performance records for repairs and maintenance of street lights and Electricity infrastructure.	New	Daily according to weekly plan and customer complaints	Daily according to weekly plan and customer complaints	Daily according to weekly plan and customer complaints	Daily according to weekly plan and customer complaints	Daily according to weekly plan and customer complaints	Daily according to weekly plan and customer complaints	Daily according to weekly plan and customer complaints	Daily according to weekly plan and customer complaints  Daily according to weekly plan and customer complaints	1. ACHIEVED  2. Daily planning according to weekly schedules and monthly reports  3. –  4. –	1. Daily according to weekly plan and customer complaints  2. Daily according to weekly plan and customer complaints	1. Repairs & Maintenance of street lights and other infrastructure according to the weekly plan and customer reports  2. Daily according to weekly plan and customer complaints	
MM 126 Tech 35	Upgrade 500KVA Mini Substation to 800KVA	Upgraded Mini Substation.	1 Mini Substation Upgraded.	New							1	1	1  1	1. ACHIEVED  2. Progress reports as well as Practical Completion	NEW	1. –  2. –

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1.Objecti ve  2. Target
													n Certificate  3. –  4. –			
MM 160 Tec h 36b		Installatio n of 8 high mast lights  2 Petsana  2 Mamafube du	Number of high mast lights installed in each unit in Nketoana	New							8	0	8   1. NOT ACHIEVED  2. –  3. The project will be funded by MIG. Only the planning	NEW	1. Installatio n of 8 high mast lights  2 Petsana  2 Mamafub edu	

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback	2016/20 17	2018/2019				
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual	2. Evidence	3. Reason for Deviation	4. Remedial Action	1. Target	2. Actual	1.Objecti ve	2. Target
		2 Ntha  2 Leratswan a											0	and registratio n took place in 2017/201 8. The funding will only be available in the 2018/201 9 financial year.  4. The project execution will be completed by the end of the 3 <sup>rd</sup> quarter of the 2018/201 9 financial year.				2 Ntha  2 Leratswa na  2. 8		

### 3.4 Waste Management

Figure / Table 3.33: Waste Removal: Nketoana, Thabo Mofutsanyana and RSA

Category	Nketoana	Refuse removal as a %: Nketoana	Thabo Mofutsanyana	Refuse removal as a %: Thabo Mofutsanyana	RSA	Refuse removal as a %: RSA
Removed by local authority/private company at least once a week	12506	72%	107125	49%	8972934	62%
Removed by local authority/private company less often	262	1%	2042	1%	218302	2%
Communal refuse dump	545	3%	8245	4%	271787	2%
Own refuse dump	3225	19%	86680	40%	4075939	28%
No rubbish disposal	682	4%	12254	5%	781999	5%
Other	97	1%	1539	1%	129201	1%

(Source: Census 2011)

Figure / Table 3.34: Waste Removal: 2001-2011

**Census 2001**      **Community Survey 2007**      **Census 2011**

	Total house-holds	% of house-holds		Total house-holds	% of house-holds		Total house-holds	% of house-holds
Removed by local authority at least once a week	9591	64%		10533	63%		12506	72%
Removed by local authority less often	243	2%		316	2%		262	1%
Communal refuse dump	371	2%		100	1%		545	3%
Own refuse dump	3276	22%		4020	24%		3225	19%
No rubbish disposal	1557	10%		1729	10%		682	4%
Not applicable	3	0%		51	0%		97	1%
Total	15039			16748			17317	

(Source: StatsSA)

Figure / Table 3.35: Waste Removal according to category and per ward

	Removed by local authority/private company at least once a week	Removed by local authority/private company less often	Communal refuse dump	Own refuse dump	No rubbish disposal	Other
<b>FS193: Nketoana</b>	12506	262	545	3225	682	97
<b>Ward 1</b>	1481	1	82	321	34	8
<b>Ward 2</b>	1730	8	20	84	20	7
<b>Ward 3</b>	1929	8	-	149	84	4
<b>Ward 4</b>	1252	3	42	384	51	31
<b>Ward 5</b>	1204	17	10	448	46	27
<b>Ward 6</b>	805	14	74	794	177	5
<b>Ward 7</b>	1367	31	21	546	136	12
<b>Ward 8</b>	1339	94	1	32	56	-
<b>Ward 9</b>	1399	85	295	467	78	3

(Source: StatsSA)

Figure / Table 3.36: Waste Removal

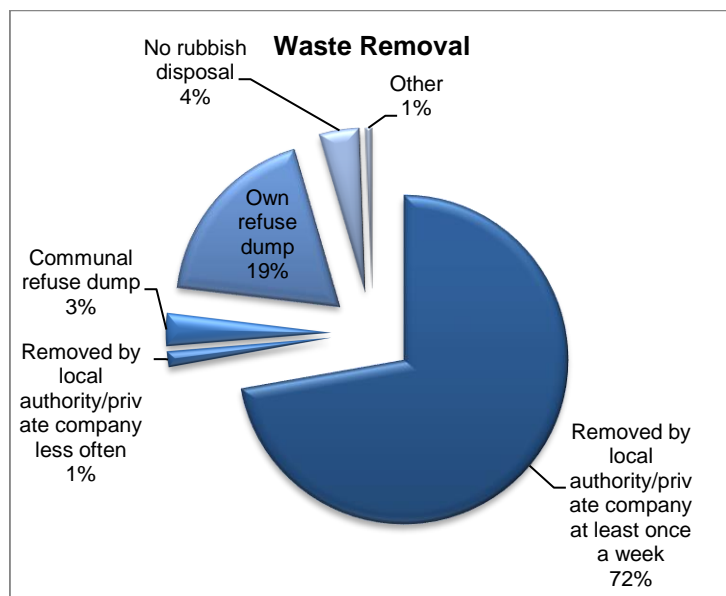


Figure / Table 3.37: Status Quo Analysis: Refuse Removal

Status Quo: <sup>1</sup>		Ward	RDP and above	Below RDP	No rubbish disposal	Other - Not applicable	Ward	RDP and above	Below RDP	No rubbish disposal	Other - Not applicable
		Ward 1	1,482	403	34	8	Ward 1	76.91%	20.91%	1.76%	0.42%
		Ward 2	1,738	104	20	7	Ward 2	92.99%	5.56%	1.07%	0.37%
		Ward 3	1,938	149	84	4	Ward 3	89.10%	6.85%	3.86%	0.18%
		Ward 4	1,255	426	51	31	Ward 4	71.19%	24.16%	2.89%	1.76%
		Ward 5	1,221	459	46	27	Ward 5	69.65%	26.18%	2.62%	1.54%
		Ward 6	819	868	177	5	Ward 6	43.82%	46.44%	9.47%	0.27%
		Ward 7	1,398	567	136	12	Ward 7	66.16%	26.83%	6.44%	0.57%
		Ward 8	1,433	33	56	0	Ward 8	94.15%	2.17%	3.68%	0.00%
		Ward 9	1,484	762	78	3	Ward 9	63.77%	32.75%	3.35%	0.13%
General:	Refuse removal services is classified as satisfactory in some areas, but not in all										
Residential sites:	All residential as well as businesses have access to refuse removal services. Residential areas have a service once a week. All the urban areas are serviced, with refuse removal on a weekly basis. Effective co-ordination of this service enhance the functioning of the thereof.										
Business sites:	Businesses are serviced twice per week if necessary.										
Resource consideration:	<ul style="list-style-type: none"> <li>The equipment used for removal (mostly a tractor and trailer) are old and in poor condition. The procurement of compactor trucks enhanced the service and it is more effectively rendered now. In the budget provision is made for the procurement of a waste compactor. It will prolong the life of landfill sites.</li> <li>Resources are generally adequate to support current waste disposal requirements.</li> </ul>										
Indicate all areas or settlements without access in terms of the basic service standards and provide reasons for lack of service	<ul style="list-style-type: none"> <li>All areas within the municipal jurisdiction have access to the waste collection system except for areas in the informal settlement as well as farm dwellers and rural areas</li> </ul>										
Recycling:	<ul style="list-style-type: none"> <li>The number of recyclers that have access to the waste disposal site have been registered with the municipality.</li> </ul>										
Indicate other challenges that are not highlighted above	<ul style="list-style-type: none"> <li>Illegal dumping takes place and it is a challenge to stop it. Most towns experience problems with the management of their waste disposal sites, and do not adhere to the requirements of the Department of Water Affairs.</li> </ul>										
Waste Disposal:	<ul style="list-style-type: none"> <li>Three of the Waste disposal sites are licensed and there is a new waste disposal facility that is registered with MIG for implementation this financial year.</li> </ul>										

<sup>1</sup> Source of statistics: (StatsSA, 2011): Wards 1 and 2=Mamafubedu (Petrus Steyn); Ward 3 and 4 = Lindley/Ntha; Ward 5=Arlington/Leratswana and Ward 6-9 = Reitz and Petsana



## Solid Waste

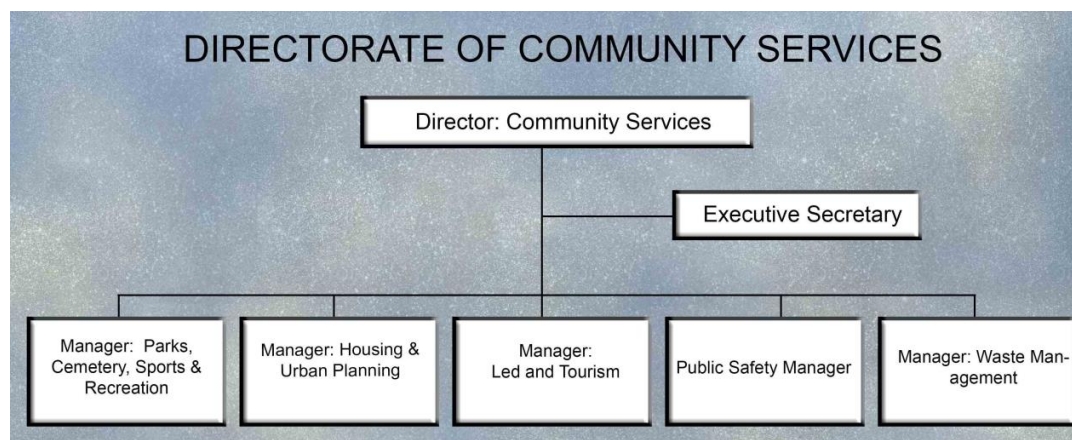
Solid Waste Services	Y2015/16	Y2014/15	Y2013/14	Y2012/13	Y2011/12
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced / commercialised?	No	No	No	No	No
Number of households and non-domestic customers	14 854	14 814	14 578	14 676	13 882
Domestic households with access to free basic services	5 552	4 073	4 909	3 475	3 475

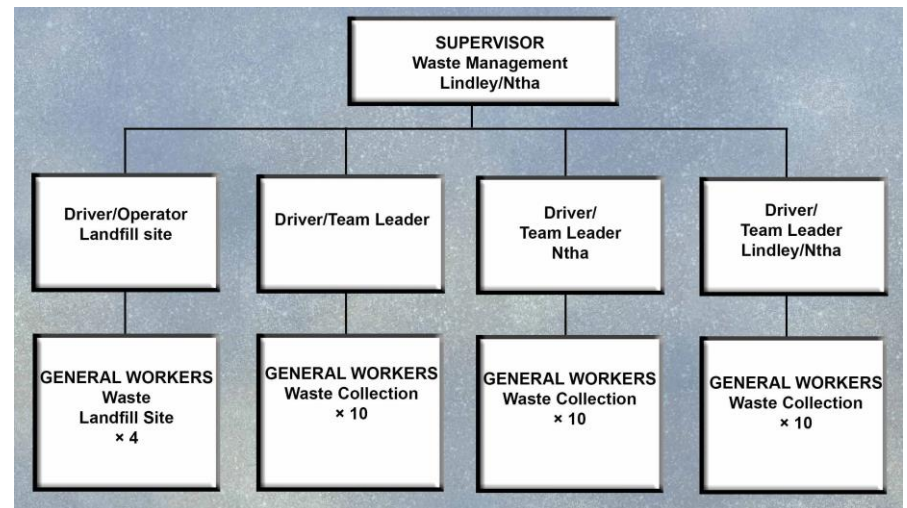
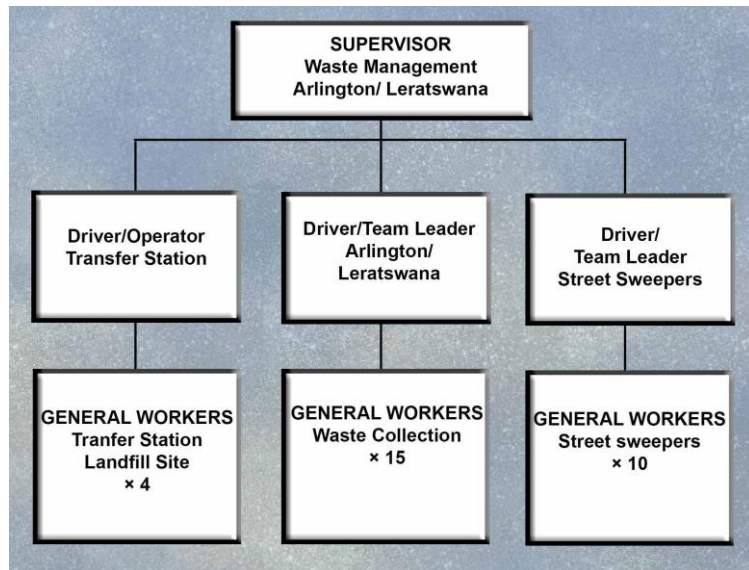
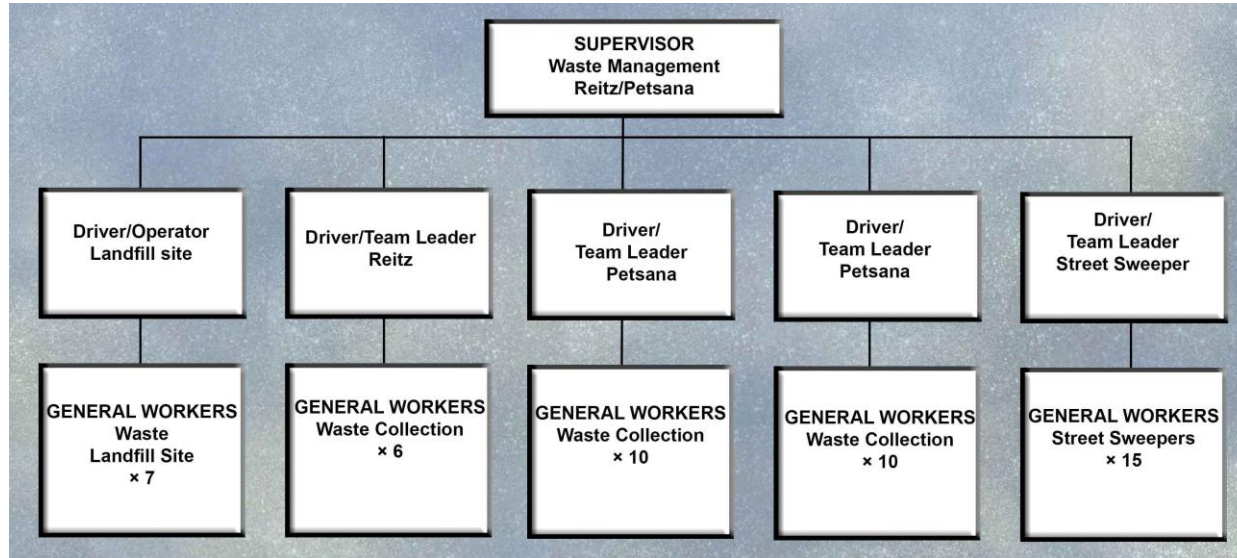
(Source: StatsSa, <https://www.localgovernment.co.za>)

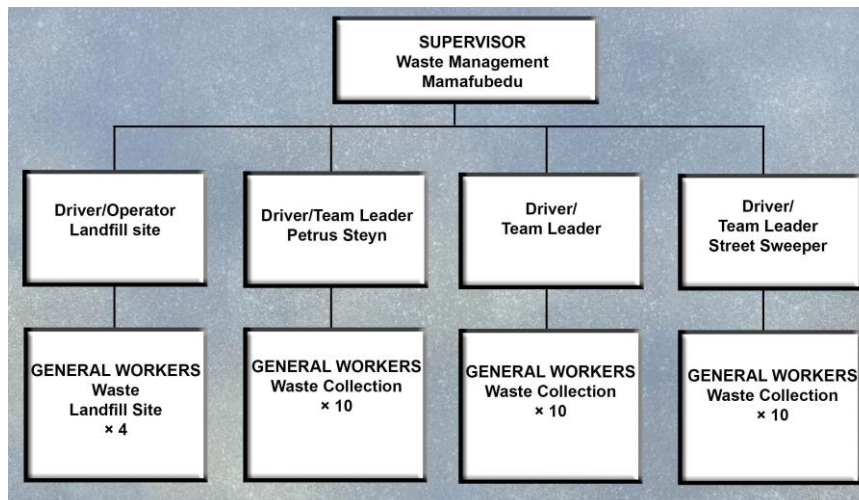
Figure / Table 3.38: Summary of Refuse Handling Capacity

Area	Number of landfill sites	Legal Status	Frequency of refuse removals	Equipment
Reitz/Petsana	1	Legal	Once per week	1 Compactor Truck 2 Tractors with Trailers
Mamafubedu (Petrus Steyn)	1	Not legal	Once per week	2 Tractors with Trailers
Lindley/ Ntha	1	Legal	Once per week	2 Tractors with trailers
Arlington/Leratswana	0 Waste is transferred to Lindley. A transfer station is under development		Once per week	1 Tractor with trailer

Figure / Table 3.39: Organogram







<b>IDP Priority 7:</b>	Refuse Removal
<b>Strategic Objective:</b>	To ensure that all households in urban areas have access to waste removal according to waste removal standards and good waste management in the municipal area
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>• Licensed and registered landfill sites</li> <li>• Improving internal capacity for efficiency waste removal</li> <li>• Mamafubedu dumping site closed and rehabilitated</li> </ul>
<b>Vote:</b>	Waste Management
<b>Sub-function:</b>	Solid Waste

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Basic Service Delivery</b>
<b>IDP Priority:</b>	<b>Refuse Removal</b>
<b>Vote/Function:</b>	<b>Waste Management</b>
<b>Directorate:</b>	<b>Community Services</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1.Target  2. Actual	1. Objective  2. Target
f	To ensure that all households in urban areas have access to waste removal according to waste removal standards and good waste management in the municipal area	Purchasing of a waste compact or truck	Number of waste compactor trucks purchased	New			1	0					1  			

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual	2. Evidence	1.Target	1. Objective
														3. Reason for Deviation		
		residential areas.											3. – 4. –			
MM 92 Com 47	To ensure that all households in urban areas have access to waste removal according to waste removal standards and good waste management in the municipal area Waste Removal	Weekly refuse removal to households in formal settlements  Standard :  Weekly at all residential sites and bi-weekly at business sites  (14,000 sites in all)	Frequency of waste disposal at residential and business sites	Weekly at residential sites and bi-weekly at business sites (14,000 sites)	Weekly at residential sites and bi-weekly at business sites (14,000 sites)	Weekly at residential sites and bi-weekly at business sites (14,000 sites)	Weekly at residential sites and bi-weekly at business sites (14,000 sites)	Weekly at residential sites and bi-weekly at business sites (14,000 sites)	Weekly at residential sites and bi-weekly at business sites (14,000 sites)	Weekly at residential sites and bi-weekly at business sites (14,000 sites)	Weekly at residential sites and bi-weekly at business sites (14,000 sites)	Weekly at residential sites and bi-weekly at business sites (14,000 sites)  Weekly at residential sites and bi-weekly at business sites (14,000 sites)	1. <b>ACHIEVED</b>  2. Copies of Section 79 Reports  3. 4.	1. Weekly at residential sites and bi-weekly at business sites (14,000 sites)  2. Weekly at residential sites and bi-weekly at business sites (14,000 sites)	1. Weekly at residential sites and bi-weekly at business sites (14,000 sites)  2. Weekly at residential sites and bi-weekly at business sites (14,000 sites)	
MM 93	To ensure that all households in urban areas	90 liters refuse bins distributed to	Number of refuse bins distributed	14,000	2,000 (16,000 in total)	0							2,000 (16,000 in total)	1. <b>NOT ACHIEVED</b>	1. 2 000 2. 0	1. To ensure that all households in urban



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			Annual Actual	1.Target  2. Actual
Com 48	have access to waste removal according to waste removal standards and good waste management in the municipal area	households in urban areas	in Urban Areas										2 000	2.-  3. Serious Financial constraints  4. Budget allocation in coming financial year will be secured to enable the municipality to provide dust bins to all residents		areas have access to waste removal according to waste removal standards and good waste management in the municipal area  2. 0





## 3.5 Housing

### 2.1 Analysis of Access to Basic Services: 2001-2016

Figure / Table 3.40: Analysis of Access to Dwellings: 2001, 2007, 2011, 2016

Main Dwelling	Census 2001	CS 2007	Census 2011	CS 2016
House or brick structure on a separate stand or yard	55.30%	56.40%	71.30%	80.80%
Traditional dwelling/hut/structure made of traditional materials	16.10%	5.90%	3.80%	1.60%
Flat in block of flats	0.30%	0.60%	0.70%	0.00%
Town/cluster/ semi-detached house (simplex: duplex: triplex)	0.40%	0.40%	0.10%	0.00%
House/ flat/ room in back yard	1.10%	1.40%	0.90%	0.00%
Informal dwelling/s shack in backyard	5.20%	6.70%	13.60%	6.50%
Informal dwelling/s shack NOT in backyard e.g. in an informal/squatter settlement	21.00%	25.20%	8.80%	8.60%
Room/flatlet not in back yard but on a shared property	0.60%	1.80%	0.10%	
Caravan or tent			0.10%	
Worker's hostel (bed/ room)		0.20%		
Other		1.40%	0.60%	4.00%

(Source: StatsSA, 2001, 2007, 2011, 2016)



Figure / Table 3.41: Service Delivery trends (Basic Services)

	Census 2001		Community Survey 2007		Census 2011	
	Total dwellings	Type of dwelling as %	Total dwellings	Type of dwelling as %	Total dwelling	Type of dwelling as %
House or brick structure on a separate stand or yard	8240	55%	9448	56%	12355	71%
Traditional dwelling/hut/structure made of traditional materials	2400	16%	983	6%	655	4%
Flat in block of flats	43	0%	100	1%	112	1%
Town/cluster/semi-detached house (simplex: duplex: triplex)	53	0%	61	0%	11	0%
Semi-detached house					50	0%
Townhouse (semi-detached house in a complex)					18	0%
House/flat/room in back yard	167	1%	236	1%	163	1
Informal dwelling/shack in back yard	771	5%	1127	7%	2351	14
Informal dwelling/shack NOT in back yard e.g. in an informal/squatter settlement	3123	21%	4214	25%	1528	9
Room/flatlet not in back yard but on a shared property	82	1%	303	25%	25	0%
Caravan or tent	22	0%	0	0%	12	0%
Private ship/boat	3	0%	0	0%		
Workers' hostel (bed/room)			38	0%		
Tourist hotel/motel	0	0%				
Hospital/medical facility/clinic/frail care centre	4	0%				
Childcare institution/orphanage	0	0%				
Home for the disabled	0	0%				
Boarding school hostel	3	0%				
Initiation school	0	0%				
Convert/monastery/religious retreat	0	0%				
Defence force barracks/camp/ship in harbour	3	0%				
Prison/correctional institution/police cells	4	0%				
Community or church hall	0	0%				
Refugee camp/shelter for the homeless	0	0%				
Homeless	3	0%				
Other	0	0%	239	2%	37	0%
Not applicable	120	1%				
<b>Total</b>	<b>15039</b>		<b>16748</b>		<b>17317</b>	

(Source: StatsSA)

Figure / Table 3.42: Dwelling according to Wards in Nketoana

	House or brick/concrete block structure on a separate stand or yard or on a farm	Traditional dwelling/hut/structure made of traditional materials	Flat or apartment in a block of flats	Cluster house in complex	Townhouse (semi-detached house in a complex)	Semi-detached house	House/flat/room in backyard	Informal dwelling (shack; in backyard)	Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	Room/flatlet on a property or larger dwelling/servants quarters/granny flat	Caravan/tent	Other
FS193: Nketoana	12355	655	112	11	18	50	163	2351	1528	25	12	37
Ward 1	1661	19	9	-	1	1	13	172	41	-	7	2
Ward 2	1070	11	24	4	2	13	6	359	377	-	-	3
Ward 3	1478	48	12	-	4	16	8	434	164	-	1	7
Ward 4	1212	118	9	6	1	4	2	343	55	6	-	7
Ward 5	1327	104	6	-	1	4	11	182	113	2	-	4
Ward 6	1363	163	23	1	1	3	23	187	89	7	2	8
Ward 7	1713	178	11	-	6	7	55	73	56	11	1	4
Ward 8	1264	7	7	-	-	-	18	189	35	-	-	1
Ward 9	1267	7	12	-	1	3	27	411	597	-	1	-

(Source: StatsSA)

Figure / Table 3.43: Housing – Census 2011

Category	Unit of measurement	Y2001	Y2011
Persons	Number of Persons	61950	60324
Households	Number of households	15039	17318
Average household size	Number of persons/house	4.11	3.48
Female headed households	Percentage / households	40% (5975 of 15039)	41% (7056 of 17318 households)
Formal dwellings	Percentage / households	73% (10953 of 15039)	77% (13390 of 17318)
Informal dwellings	Percentage/ households	27% (4086 of 15039)	23% (3928 of 17318)

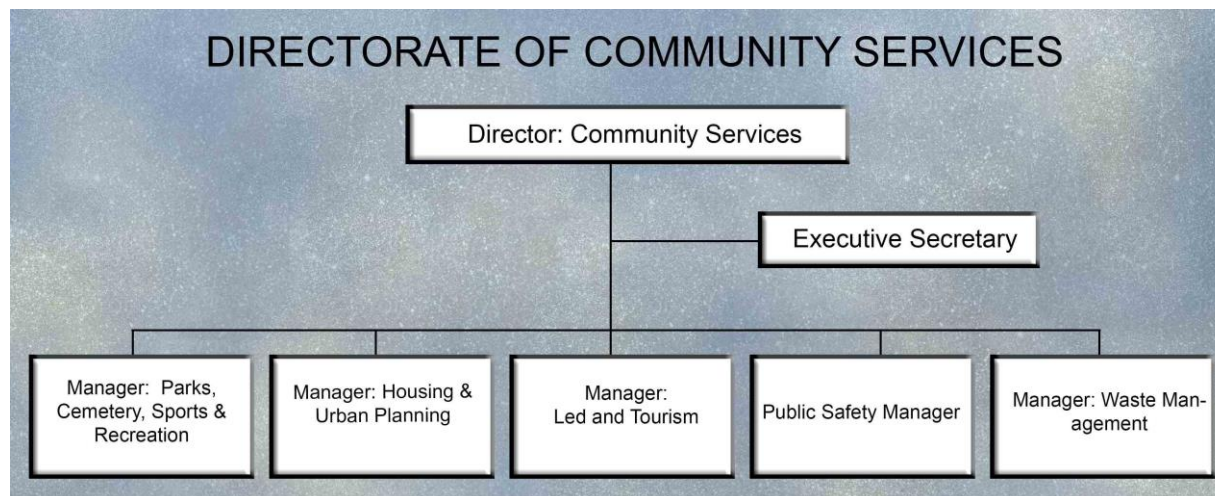
(Source: StatsSA)

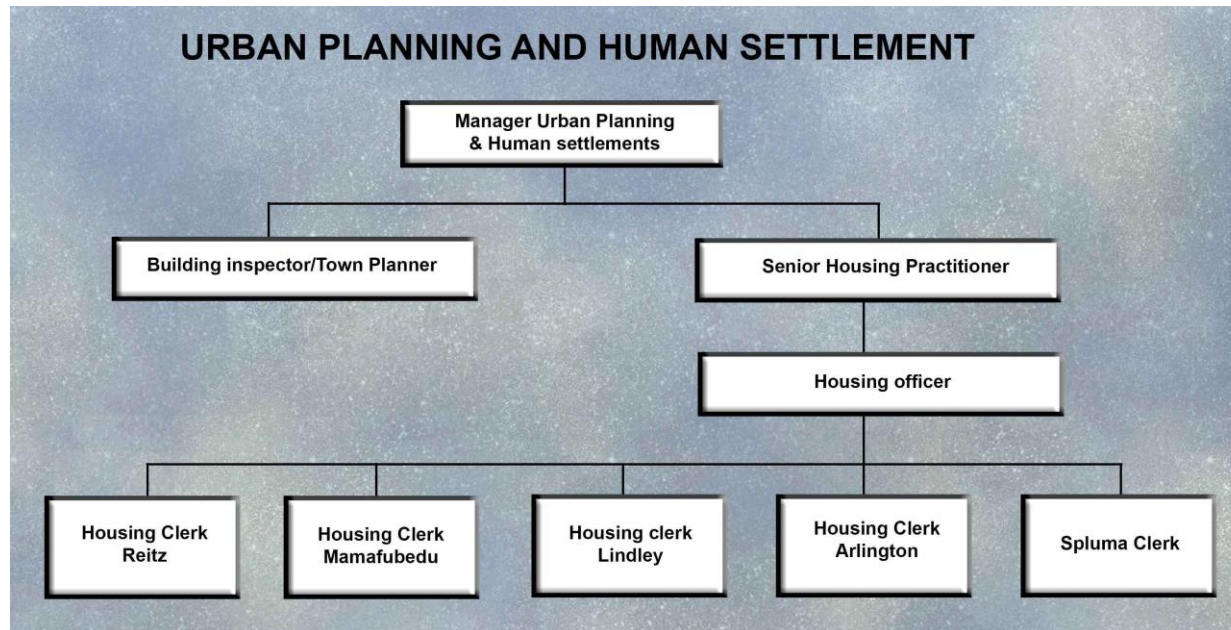
Figure / Table 3.44: Housing – Community Survey 2016

Main dwelling	Number	%
Brick structure on separate stand	52 461	80.80%
Traditional dwelling/hut/structure made of traditional mater	1 019	1.60%
Flat or apartment in a block of flats	14	0%
Cluster house in complex	0	0%
Townhouse (semi-detached house in a complex)	0	0%
Semi-detached house	43	0%
Formal dwelling/house/flat/room in backyard	1 166	1.80%
Informal dwelling/shack in backyard	4 228	6.50%
Informal dwelling/shack not in backyard (e.g. in an informal	5 585	8.60%
Room/flatlet on a property or larger dwelling/servants quart	119	0%
Caravan/tent	0	0%
Other	258	0%
Unspecified	0	4%

Stats SA; Community Survey 2016

Figure / Table 3.45: Organogram





<b>IDP Priority 4:</b>	Urban Planning
<b>Strategic Objective:</b>	To ensure an effective Urban Planning that will promote proper spatial planning to address sustainable development and social cohesion
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>• Review the SDF to ensure credibility that will be approved by Council by the closing of the 2014/15 financial year</li> <li>• Compilation of a housing sector plan that will be approved by Council by the closing of the 2014/15 financial year</li> <li>• New township establishment[s] according to the SDF</li> <li>• Consolidation of erven</li> <li>• Housing demand database</li> </ul>
<b>Vote:</b>	Planning and Development
<b>Sub-function:</b>	Not Required

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Basic Service Delivery</b>
<b>IDP Priority:</b>	<b>Urban Planning</b>
<b>Vote/Function:</b>	<b>Planning and Development</b>
<b>Directorate:</b>	<b>Community Services</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
<b>MM 76</b>	To ensure an effective Urban Planning that will	Review of the SDF to ensure compliance	Number of compliant SDF's developed	1 (Not compliant)							1	0	1 (Compliant)	1. <b>NOT ACHIEVED</b>	1. 1 2. 0	1. To ensure an effective Urban Planning that will promote proper spatial



Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback	2016/2 017	2018/2019
	Objective	Indicator	Unit of measurem ent		July- Sept 2017	Actua l	Oct-Dec 2017	Actu al	Jan- March 2018	Actu al	April- June 2018	Actu al				
													Annual Actual	2. Evidence	3. Reason for Deviation	4. Remedial Action
Co m 30	promote proper spatial planning to address sustainable developme nt and social cohesion	with SPLUMA	and approved										2. * 3. The final draft is available and the document must be taken for public participati on and then Council approval.		planning to address sustainable development and social cohesion  2. 1	
		Review of a housing	Number of housing	1							1Plan	0	1		1. 1  1. Review of a housing	

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 77 Com 31		sector plan that complies with the Housing Code	sector plans approved, Mashalaba has been appointed to develop the municipal Housing sector plan. First Draft is available & awaiting the second draft that will be taken for public participation then finally be tabled to council for approval										0	1. <b>NOT ACHIEVED</b>  2. –  3. The document was compiled by a service provider, but to non-payment, the final document was never received by the municipality.  4. The process will be completed before the end of the 2018/2019 financial year.	2. 1	sector plan that complies with the Housing Code  2. 1

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019	
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			2. Evidence	3. Reason for Deviation	4. Remedial Action
													Annual Actual	2. Actual			
MM 78  Com 32		New Township establishment at Port Arlington  (Division of farm Port Arlington and the establishment of a new township on the division)  Performance Level Agreement:  Township approval  Survey – General approval  Environmental Impact Assessment  Opening of Township Register	Number of township establishments established. Progress reports per quarter towards township establishment	New	1 report  Basic Assessment report to COGTA	1 report  Approval from COGTA	1 report  Approval from COGTA		1 report  Pegging of Sites		1  Report  Registration Town Ship Register	1  4 reports  1	1. NOT ACHIEVED  2. Draft layout, conditions of establishment and title, second draft layout plan are available  3. The whole project could not be completed due to the non-functionality of the Nketoana MPT  4. It is of the utmost importance that the MPT become	1. 1  2. 1	1. New Township establishment at Port Arlington  (Division of farm Port Arlington and the establishment of a new township on the division)  Performance Level Agreement  2. 1		

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback	2016/2 017	2018/2019
	Objective	Indicator	Unit of measur ement		July- Sept 2017	Actua l	Oct-Dec 2017	Actu al	Jan- March 2018	Actu al	April- June 2018	Actu al	Annual Actual	2. Evidence 3. Reason for Deviation 4. Remedial Action	1. Target 2. Actual	1. Objective 2. Target
														operation al.		
MM 79  Com 33		Subdivision of erf 799 In Ntha Lindley to accommodat e church and crèches sites	Number of church sites and number of crèche sites	New							3 Church sites	0	3 Church sites	1. <b>NOT ACHIEVE D</b>	1. 3 2. 0	1. Subdivision of erf 799 In Ntha Lindley to accommodate church and crèches sites  2. 3
														2. –  3. 3. The whole project could not be completed due to the non- functionali ty of the Nketoana MPT  4. It is of the utmost importanc e that the MPT become operation al.		
MM 80		Subdivision of erf 799 In Ntha Lindley	Number of church sites and								3 Crèches sites	0	3 Crèches sites		1. 3	1. Subdivision of erf 799 In Ntha Lindley

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actua l	Oct-Dec 2017	Actu al	Jan-March 2018	Actu al	April-June 2018	Actu al			1. Target  2. Actual	1. Objective  2. Target
													Annual Actual			
Co m 34		to accommodate church and crèches sites	number of crèche sites										0	1. <b>NOT ACHIEVED</b>  2. -  3. The whole project could not be completed due to the non-functionality of the Nketoana MPT  4. It is of the utmost importance that the MPT become operational.	2. 0	to accommodate church and crèches sites  2. 3
MM 81		Consolidation of 14 erven in Mamafubedu	Number of erven consolidated (new numbers will be allocated)	Current ly 28 erven; there should only be 14					28, consolidated into 14	0			28, consolidated into 14	1. <b>NOT ACHIEVED</b>  2. -	1. 28  2. 0	1. Subdivision of erf 799 In Ntha Lindley to accommodate church and crèches sites
													0	3. The whole project		

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actua l	Oct-Dec 2017	Actu al	Jan-March 2018	Actu al	April-June 2018	Actu al			Annual Actual	1. Target  2. Actual
Co m 35														could not be completed due to the non-functionality of the Nketoana MPT  4. It is of the utmost importance that the MPT become operational		2. 3
MM 82		Housing demand	Number of housing	New				4					1 per unit = 4		1 4	1. Housing demand



Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback	2016/2 017	2018/2019
	Objective	Indicator	Unit of measurem ent		July- Sept 2017	Actua l	Oct- Dec 2017	Actua l	Jan- March 2018	Actua l	April- June 2018	Actua l				
													Annual Actual	2. Evidence 3. Reason for Deviation 4. Remedial Action	1. Target 2. Actual	1. Objective 2. Target
Co m 36		database in all four towns	demand databases  (Database = Lists of beneficiari es who are applying for housing subsidies)  Housing demand database has been developed and both soft & hard copies are available				1 per unit = 4						1 per unit = 4	1. <b>ACHIEVE D</b>  2. Copies of document s  3. – 3. –	2. 4	database in all four towns  2. 4
MM 83  Co m		Audit of site allocation allocated to beneficiaries that were on the database of the new	Number of audits reports per new township	New							1 report per new township establish ment (= 3)	0	1 per new township establish ment (= 3)	1. <b>NOT ACHIEVE D</b>  2. –	1. 3 2b. 0	1. Audit of site allocation allocated to beneficiaries that were on the database of the new

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
		township establishments  Standard:  The audit dealt with the question whether sites were correctly allocated to registered beneficiaries	establishment										0	3. It was not included in the Internal Audit Plan.  4. Internal Audit will be included in the 2018/2019 financial year as an Ad Hoc project		township establishments  Standard:  The audit dealt with the question whether sites were correctly allocated to registered beneficiaries  2. 3
MM 84  Com 38	To ensure effective implementation of the Spatial Planning and Land Use Management Act (SPLUMA)	Establishment and operationalization of a Municipal Tribunal consisting of 8 members	Number of Municipal Tribunals established	New	1	1							1	1. <b>ACHIEVED</b> 2. List of members 3. 4.	NEW	1. To ensure effective implementation of the Spatial Planning and Land Use Management Act (SPLUMA)  2. 1
													1			
				New	1								1		NEW	1. Number of delegations

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
MM 85 Com 39			Number of delegations approved										1	1. <b>ACHIEVED</b> 2. Copy of document 3. 4.		approved/reviewed 2. 1
MM 86 Com 40			Number of members and officials trained	New	4	5							4 5	1. <b>ACHIEVED</b> 2. List of trained members 3. Follow up training to be done by COGTA 4. The Nketoana MPT must become fully functional in the 2018/2019 financial year	NEW	1. Number of members and officials trained 2. 4

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2 017  1. Target  2. Actual	2018/2019  1. Objective  2. Target
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actua l	Oct-Dec 2017	Actu al	Jan-March 2018	Actu al	April-June 2018	Actu al				
													Annual Actual			
MM 87  Co m 41		Finalization of the tribunal governance framework	Number of by-laws approved	New	1	1							1  1	1. <b>ACHIEVE D</b>  2. Copy of document  3.  4.	NEW	1. Finalization/ review of the tribunal governance framework
MM 88  Co m 42			Number of tariff structures, with budget approved	New	1	1							1  1	1. <b>ACHIEVE D</b>  2. Copy of document  3.  4.	NEW	1. Number of tariff structures, with budget approved
MM 89  Co m 43			Number of budgets for the tribunal finalized	New	1	0							1  1	1. <b>NOT ACHIEVE D.</b>  2. Copy of budget  3. Expenditu re of Tribunal to be taken out of	NEW	1. Number of budgets for the tribunal finalized

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback	2016/2 017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actua l	Oct-Dec 2017	Actu al	Jan-March 2018	Actu al	April-June 2018	Actu al		2. Evidence	1. Target 2. Actual	1. Objective 2. Target
													Annual Actual	3. Reason for Deviation 4. Remedial Action		
													Professional Fees Budget  4. Separate budget to be considere d in the next financial year.			



## Component B: Roads and Transport

### 3.6 Roads, Transport and Stormwater

Figure / Table 3.46: Status Quo Analysis: Roads & Storm water

<i>Status Quo:</i>	Refer to Tables below
<i>General, Roads:</i>	<ul style="list-style-type: none"> <li>The condition of roads and storm water in Nketoana needs urgent attention. Although quite a significant part of roads in the towns are tar roads, the condition is deteriorating.</li> <li>Paved roads were constructed in Petsana, Mamafubedu, Ntha and Leratswana. It was an immense improvement and made all areas more accessible.</li> </ul>
<i>Storm water:</i>	<ul style="list-style-type: none"> <li>Storm water management is still a challenge to the municipality. The gradient of the areas are is of such a nature that considerable damage can be caused by rain water. The paving of roads prevent damage. It is nevertheless still necessary to improve existing stormwater channels and construct more in each area; especially those areas traditional developed urban areas.</li> <li>The following stormwater challenges were noted in the Roads and Storm water Masterplan (Nektoana Local Municipality, Roads and Stormwater Masterplan, 2011): <ul style="list-style-type: none"> <li>Construction of sewer manholes in stormwater channels and hence increasing the incidence of Stormwater Ingress into the sewer systems which studies have indicated that has adverse effects on the capacity of the wastewater treatment works. Standards have to be developed such that the service providers work in accordance with the best practice procedures.</li> <li>Inadequate sizing of the critical hydraulic structures in the various streams in all the towns which lead to serious flooding</li> <li>The stormwater channels are seemingly constructed with grades that are lower than the stipulated minimum grades and hence the high incidence of the development of water puddles in the open stormwater drains. In addition, this problem also manifests itself as severe sedimentation/silting with the problematic areas leading to large quantities of sand being deposited in the affected areas</li> <li>Major stormwater challenges are experienced in Ntha. To alleviate this problem, a new gabion-lined stormwater channel is required.</li> <li>Inadequate sizing of culverts that threaten to wash away the newly constructed roads.</li> </ul> </li> </ul>
<i>Status of arterial roads / internal roads</i>	<ul style="list-style-type: none"> <li>Access roads are priorities</li> <li>Streets and storm water network need to be better maintained</li> <li>Ageing tar roads become not accessible</li> <li>There is a need to properly maintain gravel roads; but the huge backlog in this regard remains a problem</li> <li>Some roads are used by heavy vehicles – attention must be given to allocate specific roads to heavy vehicles to keep them out of the CBD areas of the main towns.</li> </ul>





Figure / Table 3.47: Road Length and Road Category Summary

Road Length Summary

Settlement	Tarred(m)	Paved(m)	Gravel(m)	Dirt(m)	Total(m)
Petsana	8,947	2,686	40,703	0	52,336
Reitz	39,918	0	1,283	0	38,201
Mamafubedu	1,872	5,756	25,414	2,326	35,369
Petrus Steyn	8,320	0	9,136	1,420	18,876
Ntha	559	6,169	29,015	0	35,744
Lindley	4,682	0	12,266	0	16,948
Leratswana	715	3,408	10,214	0	14,337
Arlington	3,158	0	1,853	124	5,134

Road Category Summary

Category	Road Type	Length (km)	Percentage	Percentage
UA	Gravel	0.0	0.00%	11.10%
	Paved	0.0	0.00%	
	Tarred	4,254.9	100.00%	
	Dirt	0.0	0.00%	
	Total	4,254.9		
UB	Gravel	0.0	0.00%	10.00%
	Paved	0.0	0.00%	
	Tarred	3,804.5	100.00%	
	Dirt	0.0	0.00%	
	Total	3,804.5		
UC	Gravel	0.0	0.00%	10.70%
	Paved	0.0	0.00%	
	Tarred	4,093.1	100.00%	
	Dirt	0.0	0.00%	
	Total	4,093.1		
UD	Gravel	1,282.9	4.90%	68.20%
	Paved	0.0	0.00%	
	Tarred	24,765.5	95.10%	
	Dirt	0.0	0.00%	
	Total	26,048.5	0.00%	

(Source: Nketoana Local Municipality, Roads and Stormwater Masterplan, 2011)

Figure / Table 3.48: Transportation Infrastructure (Nketoana SDF, 2010-2011)

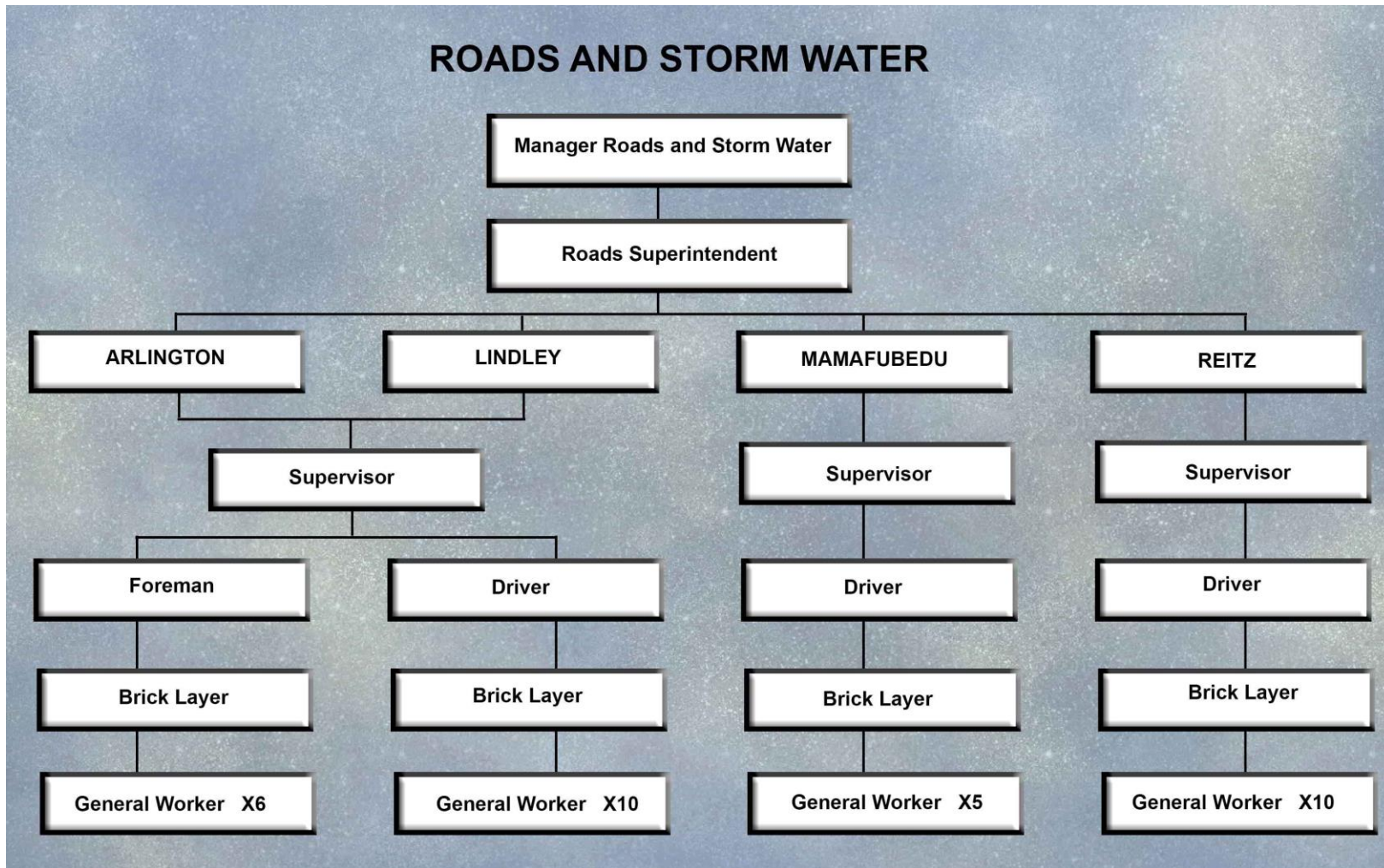
Infrastructure	Reitz / Petsana	Mamafubedu (Petrus Steyn)	Arlington / Leratswana	Lindley / Ntha
Roads	<p>A variety of road networks links Reitz-Petsana with the surrounding area and other urban centers.</p> <p>The provincial road R26 links Reitz with Bethlehem to the southwest and with Frankfort to the northeast.</p>	<p>The provincial road R57 between Reitz and Heilbron are also the main access to Mamafubedu (Petrus Steyn).</p> <p>Mamafubedu (Petrus Steyn) is linked to Lindley and Frankfort with the road R707 and to Edenville with the secondary road S/66.</p>	<p>The provincial road P40/1 between Lindley and Senekal are also the main access to Arlington.</p> <p>Arlington-Leratswana is developed in a linear form and must receive careful future planning.</p>	<p>The R707 between Arlington and Mamafubedu (Petrus Steyn) is the main road link and separates Lindley and Ntha.</p> <p>The P19/1 links Lindley with Steynsrus and Bethlehem and the S/192 links Lindley with Reitz.</p>

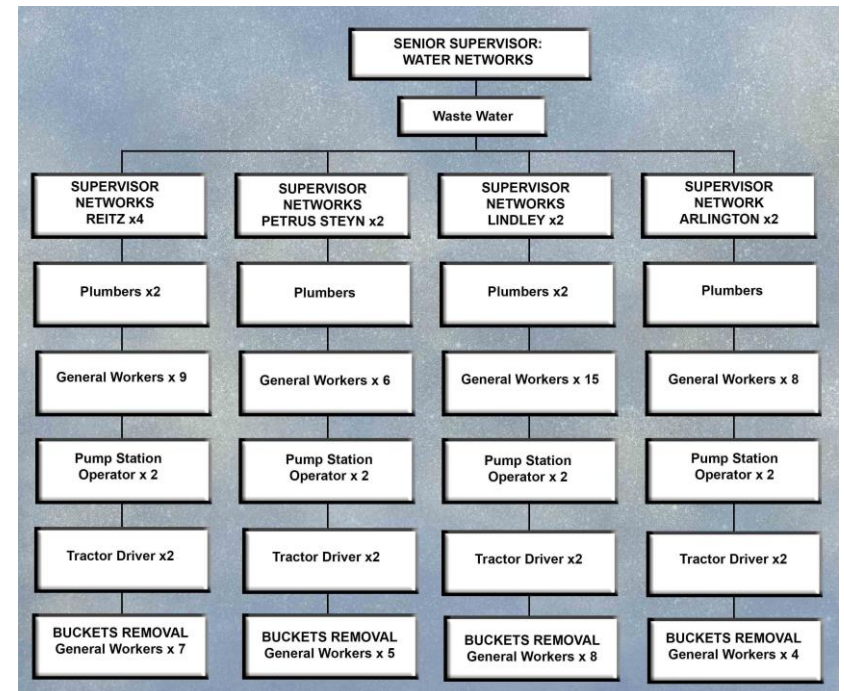
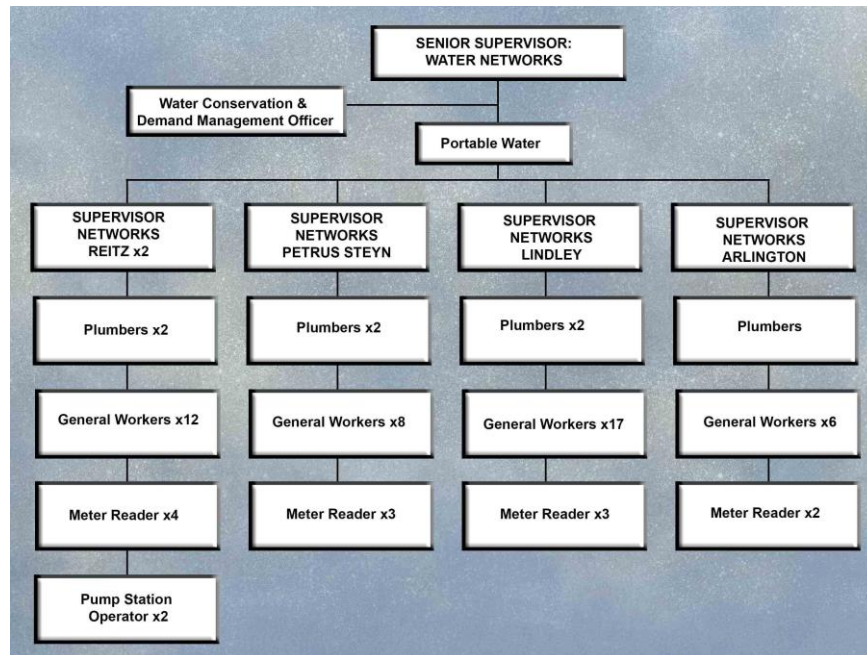
Infrastructure	Reitz / Petsana	Mamafubedu (Petrus Steyn)	Arlington / Leratswana	Lindley / Ntha
	<p>The provincial road R57 links Reitz with Mamafubedu (Petrus Steyn) to the north and Kestell to the south.</p> <p>Reitz is linked to Vrede with the secondary road S/589 and Warden with S/74.</p>			
Rail	<p>The Reitz-Petsana station services the main railway line linking Gauteng and the Eastern Free State, used predominantly for the transportation of goods, especially agricultural goods. The station is situated next to the industrial area.</p>	<p>The railway station is accessible from both Mamafubedu (Petrus Steyn) and has access to the industrial area. It is situated on the line linking Heilbron and Lindley. The line is mainly used for goods transportation, especially to and from the grain silos. The railway station buildings are worn down and vandalized.</p>	<p>The railway line, that links Bethlehem and Steynsrus, runs through Arlington and was responsible for the establishment of Arlington and still poses economic developmental potential.</p>	<p>The railway line between Arlington and Mamafubedu (Petrus Steyn) runs just south of Lindley.</p> <p>The station is dormant, but should be re-opened and upgraded to promote economic development.</p>
Air	<p>There is no airport, but there is an airstrip north of the Reitz-Petsana urban area. It is principally used by crop-sprayers. The runway is not tarred.</p>	<p>There are no airfields or landing strips.</p>	<p>There are no airfields or landing strips.</p>	<p>There is an informal landing strip.</p>
Public Transport	<p>People from Petsana that works in Reitz walk there, due to the close proximity. Alternatively, there is taxi's servicing Petsana.</p>	<p>Taxis provide the predominant public transportation to especially the people of Mamafubedu.</p>	<p>Taxis provide the predominant public transportation. The taxi rank needs proper development and upgrading.</p>	<p>There is a need for a proper taxi rank.</p>

(Source: Nketoana SDF, 2010,11)



Figure / Table 3.49: Organogram





<b>IDP Priority 3:</b>	Municipal Roads and Transport
<b>Strategic Objective:</b>	To ensure that internal roads in the Nketoana municipal area are maintained and/or upgraded to facilitate economic and social activity required for the sustainable development of the municipality; considering the capacity limitations facing the Municipality
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>Upgrading of 3km of internal roads in Ntha during the 2013/14 financial year</li> <li>Upgrading of 3km of internal roads in Mamafubedu during the 2013/14 financial year</li> </ul>
<b>Vote:</b>	Road Transport
<b>Sub-function:</b>	Roads

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Basic Service Delivery</b>
<b>IDP Priority:</b>	<b>Roads &amp; Storm water Management</b>
<b>Vote/Function:</b>	<b>Roads and Storm water</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
													Annual Actual			
MM 128 Tech 37	To ensure that internal roads in the Nketoana municipal area are maintained and/or upgraded to	Review of the Roads and Infrastructure Master Plan	Number of Plans reviewed	0							1	1	1	1. ACHIEVED 2. Copy of the document 3. –	1. 1 2. 0	1. Review of the Roads and Infrastructure Master Plan 2. 1

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
													Annual Actual			
	facilitate economic and social activity required for the sustainable development of the municipality; considering the capacity limitations facing the Municipality												4. –			
MM 129 Tech 38	To repair and maintain roads and storm water infrastructure on a continuous basis as required or on demand during the 2016/2017 financial year	Number of potholes repaired	Number of potholes repaired	Continuously on demand	Continuously on demand		Continuously on demand		Continuously on demand		Continuously on demand		Continuously on demand	REFER TO MM 130		



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
													Annual Actual			
MM 130 Tech 39	To repair and maintain roads and storm water infrastructure on a continuous basis as required or on demand during the 2016/2017 financial year	Number of square meters repaired	Number of square meters repaired	Continuously on demand	Continuously on demand	379.7	Continuously on demand	1425	Continuously on demand	1652.5	Continuously on demand	666	Continuously on demand  4 123.2 m²	1. <b>ACHIEVED</b> 2. Monthly Reports as well as Section 79 report 3. – 4. –	1. Continuously on demand 2. Continuously on demand	1. To repair and maintain roads and storm water infrastructure on a continuous basis as required or on demand during the 2016/2017 financial year  2. Continuously on demand
MM 131 Tech 40	To repair and maintain roads and storm water infrastructure on a continuous basis as required or on demand during the 2016/2017 financial year	Number of damaged paved roads repaired	Number of damaged paved roads repaired  In square meters	Continuously on demand	Continuously on demand	13	Continuously on demand	-	Continuously on demand	-	Continuously on demand	-	Continuously on demand 13 m²  13m²	1. <b>ACHIEVED</b> 2. Monthly report 3. – 4. –	1. Continuously on demand 2 Continuously on demand.	1. To repair and maintain roads and storm water infrastructure on a continuous basis as required or on demand during the 2018/2019 financial year

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019			
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			2. Evidence	3. Reason for Deviation	4. Remedial Action	1. Target	2. Actual
	7 financial year																9 financial year	2. Continuously on demand	
MM 132 Tech 41	To repair and maintain roads and storm water infrastructure on a continuous basis as required or on demand during the 2016/2017 financial year	Number of km of streets graveled	Number of km of streets graveled	Continuously on demand	Continuously on demand		Continuously on demand		Continuously on demand		Continuously on demand		Continuously on demand	REFER TO MM 134					
MM 133	To repair and maintain roads and storm	Number and Length of Storm water	Number and Length of Storm water	Continuously on demand	Continuously on demand	9.128	Continuously on demand	11.132	Continuously on demand	10.297	Continuously on demand	9.955	Continuously on demand 40.512km	1. ACHIEVE D	1. Continuously on demand	1. To repair and maintain roads and storm			

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019			
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			2. Evidence	3. Reason for Deviation	4. Remedial Action	1. Target	2. Actual
													Annual Actual						
Tech 42	water infrastructure on a continuous basis as required or on demand during the 2017/2018 financial year	canals cleaned	canals cleaned  (km)										40.512km	2. Monthly reports  3. –  4. –	2. Continuously on demand		water infrastructure on a continuous basis as required or on demand during the 2018/2019 financial year  2. Continuously on demand		
MM 134 Tech 43	To repair and maintain roads and storm water infrastructure on a continuous basis as required or on demand during the 2017/2018 financial year	Number of km of gravel roads maintained	Number of km of gravel roads maintained in km	Continuously on demand	Continuously on demand	.600	Continuously on demand	-	Continuously on demand	8.408	Continuously on demand	-	Continuously on demand		1. Continuously on demand  2. Continuously on demand		1. To repair and maintain roads and storm water infrastructure on a continuous basis as required or on demand during the 2018/2019 financial year  2. Continuously on demand		

[illegible]

## Component C: Planning and Development

### 3.7 Planning and Local Economic Development

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Agriculture is the main economic activity in the municipality. Others of importance are private households, wholesale, retail and community and social services. If these statistics are analyzed, it is clear that, additional to agriculture, the only meaningful job opportunities in the area are provided by private households (for domestic workers) and by the shops and other businesses in the main towns. The ability of the Nketoana Municipality to create additional employment opportunities is also limited.

The investment of the VKB Chicken project is one of the major developments in the municipality. The abattoir is situated in Reitz and it is planned to create a 1 000 new sustainable jobs for local people. Several farmers are producing broiler chicks on contract for the abattoir. The possibility is now investigated to get a contract for broiler chickens as a community project in Petsana. The municipality has available land for such a project. The promotion of agri-processing plants and other value adding industries should be encouraged in order to diversify the economy of the area. IN Reitz are several small to medium industries, all of which is aimed at satisfying local market needs.

Currently there are no facilities available for the development and training of skills. The promotion of skills development programmes locally are a crucial part of industrial and general employment stimulation. The utilization of existing facilities (e.g. land, buildings, and railways) for industrial promotion purposes is important.

Tourism is the one economic action that has very high potential. In all units of Nketoana there are several guest houses, lodges and guest farms. Each of these facilities has its own attractions and when properly marketed, it can promote tourism in Nketoana.

The population of the area is very poor. The registration of indigent community members is annually a project driven by the CFO and his department. This is an effort to ensure that the poorest of the poor enjoy the benefit of free basic services as promised by the government.

An alarmingly high percentage of the Nketoana population reflects no income, implying extremely high poverty levels. Statistics indicate that at least 68 % of the population is poor.

The municipality has developed a LED Strategy and a draft document is now available. It has to be taken for public consultation and approval by Council. The aim of the document is to aggressively develop SMME and empower entrepreneurs to run sustainable businesses and thus create an income for themselves.

There is always the pitfall to guard against that the community expect the municipality to create jobs, whereas the municipality can only ensure jobs by creating a conducive environment for local economic development.

Figure / Table 3.50: Annual Household Income

Ward	No income	R 1 - R 4800 - R 9601 - R 19 600	R 19 601 - R 38 200 - R 38 201 - R 76 400	R 76 401 - R 153 800 - R 153 801 - R 307 600	R 307 601 - R 614 400 - R 1 228 801 - R 2 457 600	Ward	No income	R 1 - R 4800 - R 9601 - R 19 600	R 19 601 - R 38 200 - R 38 201 - R 76 400	R 76 401 - R 153 800 - R 153 801 - R 307 600	R 307 601 - R 614 400 - R 1 228 801 - R 2 457 600
Ward 1	34	806	824	218	45	Ward 1	1.76%	41.83%	42.76%	11.31%	2.34%
Ward 2	98	821	816	117	17	Ward 2	5.24%	43.93%	43.66%	6.26%	0.91%
Ward 3	304	937	755	155	22	Ward 3	13.99%	43.12%	34.74%	7.13%	1.01%
Ward 4	201	660	601	239	63	Ward 4	11.39%	37.41%	34.07%	13.55%	3.57%
Ward 5	174	735	679	139	26	Ward 5	9.93%	41.93%	38.73%	7.93%	1.48%
Ward 6	73	557	785	323	131	Ward 6	3.91%	29.80%	42.00%	17.28%	7.01%
Ward 7	114	751	728	395	126	Ward 7	5.39%	35.53%	34.44%	18.68%	5.96%
Ward 8	103	656	618	133	12	Ward 8	6.77%	43.10%	40.60%	8.74%	0.79%
Ward 9	148	1,155	909	104	9	Ward 9	6.37%	49.68%	39.10%	4.47%	0.39%

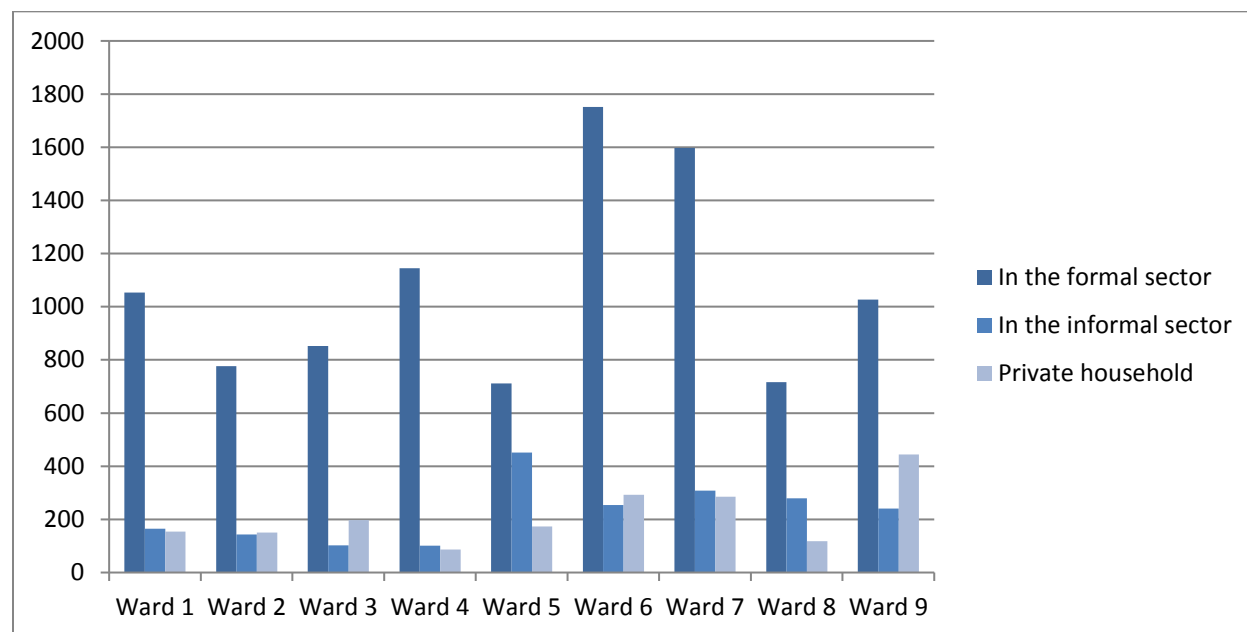
(Source: Stats SA, 2011)

Figure / Table 3.51: Sector Type of Economic Activity

Ward	In the formal sector	In the informal sector	Private household	Do not know	Not applicable	Ward	In the formal sector	In the informal sector	Private household	Do not know	Not applicable
Ward 1	1,053	165	154	46	5,367	Ward 1	15.52%	2.43%	2.27%	0.68%	79.10%
Ward 2	777	143	150	6	6,429	Ward 2	10.35%	1.91%	2.00%	0.08%	85.66%
Ward 3	852	102	197	7	6,767	Ward 3	10.75%	1.29%	2.49%	0.09%	85.39%
Ward 4	1,145	101	87	7	4,527	Ward 4	19.52%	1.72%	1.48%	0.12%	77.16%
Ward 5	712	451	173	5	4,701	Ward 5	11.78%	7.46%	2.86%	0.08%	77.81%
Ward 6	1,752	254	292	24	4,191	Ward 6	26.90%	3.90%	4.48%	0.37%	64.35%
Ward 7	1,597	308	285	16	4,247	Ward 7	24.75%	4.77%	4.42%	0.25%	65.81%
Ward 8	716	279	118	2	4,018	Ward 8	13.95%	5.44%	2.30%	0.04%	78.28%
Ward 9	1,027	241	444	67	6,323	Ward 9	12.68%	2.97%	5.48%	0.83%	78.04%

(Source: Stats SA, 2011)

Figure / Table 3.52: Economic sectors per ward



	In the formal sector	In the informal sector	Private household
<b>FS193: Nketoana</b>	9630	2045	1900
<b>Ward 1</b>	1053	165	154
<b>Ward 2</b>	777	143	150
<b>Ward 3</b>	852	102	197
<b>Ward 4</b>	1145	101	87
<b>Ward 5</b>	712	451	173
<b>Ward 6</b>	1752	254	292
<b>Ward 7</b>	1597	308	285
<b>Ward 8</b>	716	279	118
<b>Ward 9</b>	1027	241	444

(Source: Stats SA, Census 2011)

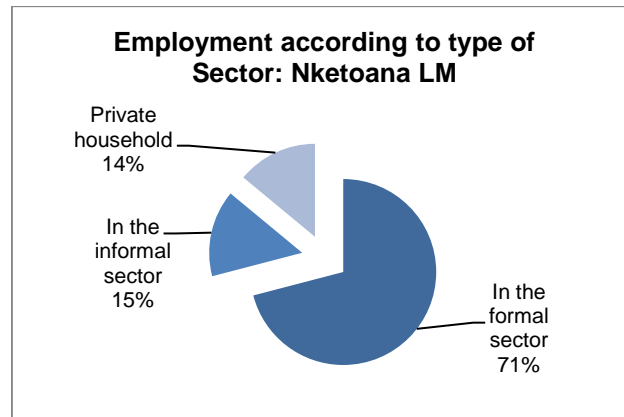
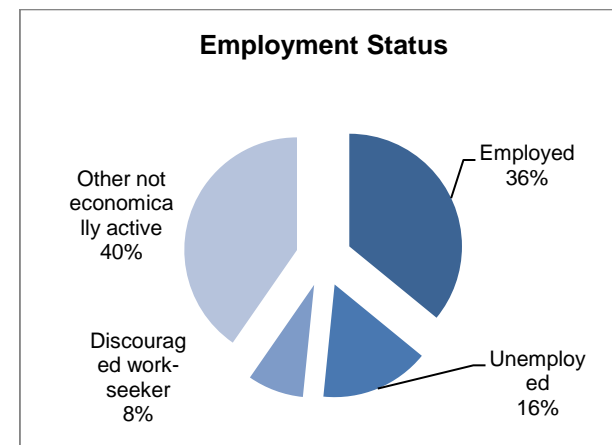
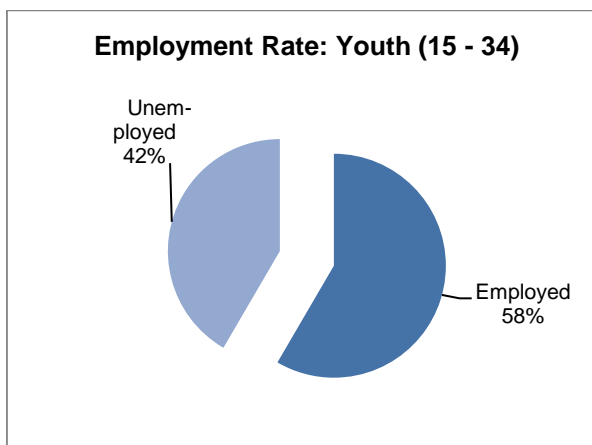
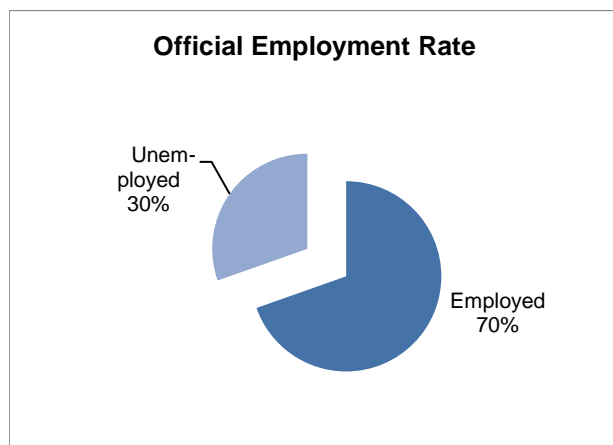
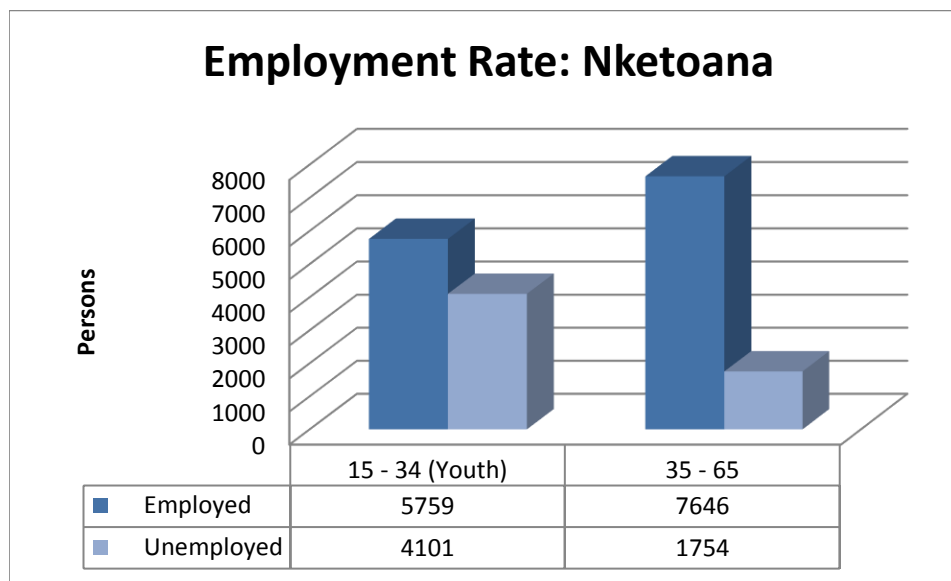


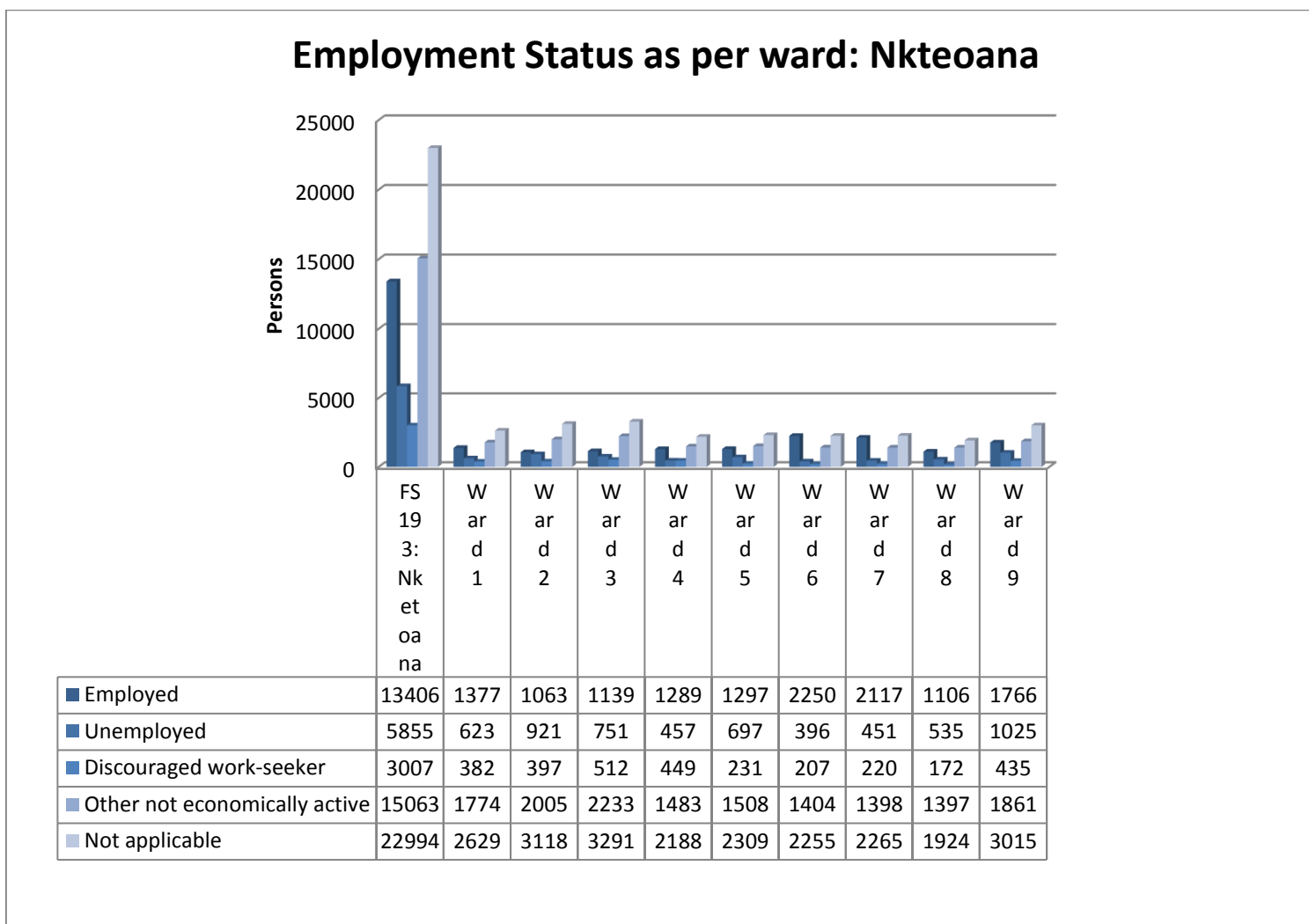


Figure / Table 3.53: Labour and Educational Profile: 2011 Census



(Source: StatsSA, Municipal Fact Sheet, Census, 2011)

Figure / Table 3.54: Employment profile per ward (StatsSA, Census, 2011)



(Source: StatsSA, Census, 2011)

Figure / Table 3.55: Employment Rate versus Qualifications Grade 12 and higher (StatsSA, Census, 2011)

	Employed			Unemployed	
	15 - 34 (Youth)	35 - 65		15 - 34 (Youth)	35 - 65
Grade 12 / Std 10 / Form 5	1660	1382		1232	279
NTC I / N1/ NIC/ V Level 2	14	19		6	2
NTC II / N2/ NIC/ V Level 3	9	22		4	-
NTC III /N3/ NIC/ V Level 4	12	24		9	2
N4 / NTC 4	17	12		7	-
N5 /NTC 5	21	13		14	1
N6 / NTC 6	24	32		18	4
Certificate with Grade 12 / Std 10	57	74		19	9
Diploma with Grade 12 / Std 10	107	279		28	9
Higher Diploma	83	303		15	6
Post Higher Diploma Masters; Doctoral Diploma	10	43		2	1
Bachelors Degree	77	162		8	-
Bachelors Degree and Post graduate Diploma	23	78		1	3
Honours degree	31	88		-	-
Higher Degree Masters / PhD	6	45		-	2

(Source: StatsSA, Census, 2011)

Figure / Table 3.56: Level of Education (StatsSA, Census, 2011)

	Gade 0 - Grade 7 / Std 5/ ABET 3	Grade 8 / Std 6 / Form 1 - N6 / NTC 6	Certificate with less than Grade 12 / Std 10 - Diploma with less than Grade 12 / Std 10	Certificate with Grade 12 / Std 10 - Post Higher Diploma Masters; Doctoral Diploma	Bachelors Degree - Bachelors Degree and Post graduate Diploma	Honours degree - Higher Degree Masters / PhD	Other - Not applicable
FS193: Nketoana	20994	24279	97	1338	440	222	12954
Ward 1	2253	2704	17	177	48	33	1553
Ward 2	2846	2869	2	91	15	12	1670
Ward 3	3063	2977	6	117	23	21	1719
Ward 4	1969	2377	5	152	57	26	1280
Ward 5	2219	2386	2	98	39	7	1290
Ward 6	2087	2387	30	283	120	62	1543
Ward 7	2105	2722	32	254	113	52	1174
Ward 8	1643	2386	1	115	9	2	978
Ward 9	2810	3472	1	51	16	6	1746

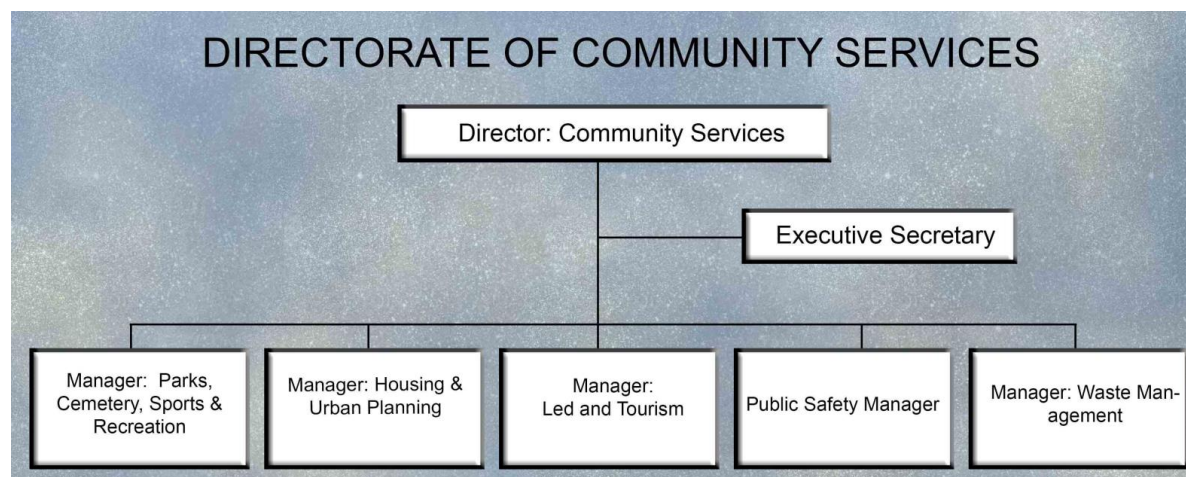
(Source: StatsSA, Census, 2011)

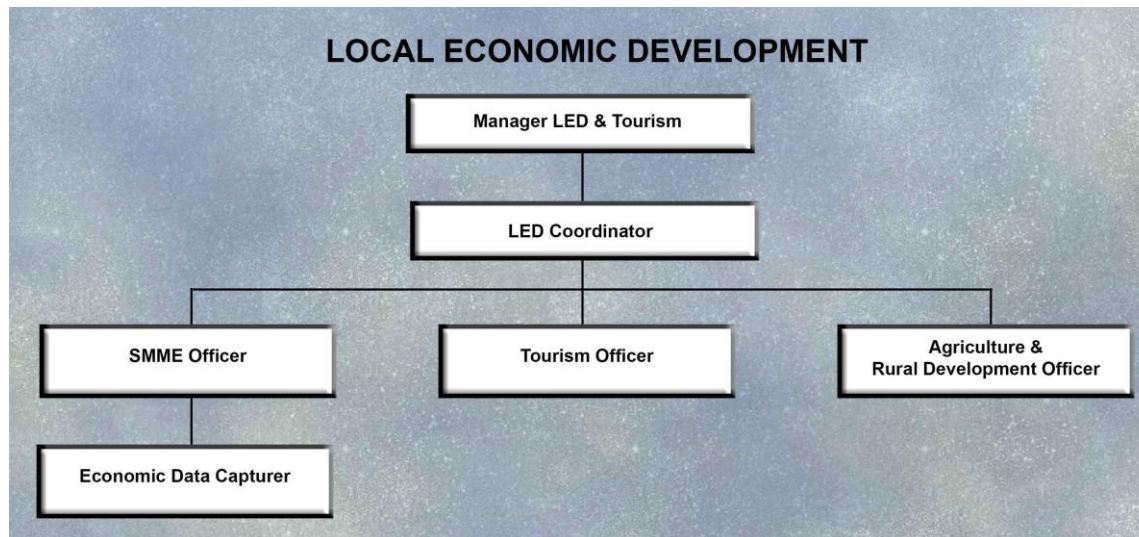
Figure / Table 3.57: Income distribution (Individual Monthly Income)

	No income	R 1 - R 400 - R 1 601 - R 3 200	R 3 201 - R 6 400 - R 12 801 - R 25 600	R 25 601 - R 51 200 - R 102 401 - R 204 800	R 204 801 or more
FS193: Nketoana	19325	35187	3493	337	26
Ward 1	1328	4666	403	39	3
Ward 2	2004	5246	184	8	1
Ward 3	3118	4315	262	19	-
Ward 4	2192	2885	467	45	2
Ward 5	2122	3381	258	20	3
Ward 6	1847	3387	715	103	8
Ward 7	2069	3344	752	88	6
Ward 8	1766	3095	237	10	1
Ward 9	2880	4867	216	7	1

(Source: StatsSA, Census 2011)

Figure / Table 3.58: Organogram





<b>IDP Priority 5:</b>	Local Economic Development
<b>Strategic Objective:</b>	To create employment opportunities in the Nketoana municipal area
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>800 employment opportunities created through targeted IDP and LED projects – including learnerships 200 employment opportunities created through EPWP initiatives</li> </ul>
<b>GFS Function:</b>	Planning and Development

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Local Economic Development</b>
<b>IDP Priority:</b>	<b>LED</b>
<b>Vote/Function:</b>	<b>Planning, Job Creation</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual	Annual Actual	2. Evidence 3. Reason for Deviation 4. Remedial Action	1. Target 2. Actual	1. Objective 2. Target
MM 5 Com 5		Economic Seminar on Economic Empowerment of Women	Number of seminars conducted	New	1								1	1. <b>NOT ACHIEVED</b>	1. 1 2. 1	1. Economic Seminar on Economic Empowerment of Women 2. 1
													0	2. 3. Financial Constraints 4. Assistance will be requested from DESTEA to ensure that the seminar takes place in the last quarter of the year.		
MM 6		Establishment of cooperatives		8					(2 per unit (2x Reitz, 2x Mamafubed	8			8	1. <b>ACHIEVED</b>	1. 8	1. To create an environment

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual	Annual Actual	2. Evidence	1. Target	1. Objective
Com 6		that target women and the youth for job creation  (2 per unit (2x Reitz, 2x Mamafubedu, 2x Arlington, 2x Lindley))	Number of cooperatives established						u, 2x Arlington, 2x Lindley)=8				8	2. List of Co-operatives 3. - 4. -	2. 8	conductive for investment and increased economic activity in the Nketoana municipal area.  2. Establishment of cooperatives that target women and the youth for job creation  (2 per unit (2x Reitz, 2x Mamafubedu, 2x Arlington, 2x Lindley))
MM 7 Com 30	To compile business processes to enable interpretation of the SDBIP	Compilation of Business processes for 6 indicators on LED Planning and Development	Number of business processes on LED Planning and Development compiled	New			6						6 6	1. <b>ACHIEVED</b> 2. Copy of Business Processes descriptions	New	1. To compile business processes to enable interpretation of the SDBIP  2. 6



## Job Creation

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	/Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
MM 14  Com 14	To create employment opportunities in the Nketoana municipal area	Create at least 100 employment opportunities created through targeted IDP and LED projects – including learner ships	Number of job opportunities created	100	25	85	25	85	25	25	25	25	100  110	1. ACHIEVED  2. List and contracts  3.  4.	1. 100  2. 100	1. To create employment opportunities in the Nketoana municipal area.    2. 100
MM1 5  Com 15	To create employment opportunities in the Nketoana municipal area	Create a minimum of 120 job opportunities through EPWP initiatives	Number of job opportunities created								120	120	120  120	1. ACHIEVED  2. List and contracts  3.  4.	1. 120  2. 120	1. This indicator will be combined with the previous indicator in 2018/2019
MM 16  Com 16	Generic Goal  To ensure that all vacant	Ensure that all funded critical vacancies are filled timely to ensure optimal municipal	Filling of posts	14	As required	No posts were required to be filled	As required	No posts were required to be filled	As required	1	As required	No posts were required to be filled	As required  1	1. ACHIEVED  2. The only critical post required to be filled was that of	1. As required  2. As required	1. Generic Goal  To ensure that all vacant

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target	1. Objective
													Annual Actual		2. Actual	2. Target
Cor 1  Fin 1  Tech 1	funded posts are filled	performance; within the guidelines of affordability											the Section 56 Manager, Director Community Services.  3.  4.		funded posts are filled    2. As required	

<b>IDP Priority 5:</b>	Local Economic Development
<b>Strategic Objective:</b>	To create an environment conducive for investment and increased economic activity in the Nketoana municipal area
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>Review of the LED Strategy</li> <li>Compilation and approval of 1 Tourism Strategy</li> <li>Train all 4 business forums in the areas of Nketoana</li> </ul>
<b>GFS Function:</b>	Planning and Development

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Local Economic Development</b>
<b>IDP Priority:</b>	<b>LED</b>
<b>Vote/Function:</b>	<b>Strategy</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
<b>MM 1 Com 1</b>	Review of LED Strategy before the end of the 3rd quarter of the financial year	Reviewed LED Strategy	Number LED Strategies reviewed	1					1	0			1 0	1. <b>NOT ACHIEVED</b>  2. –  3. Due to financial constraints it was not possible to appoint a service provider. There is no capacity to do this in house.  4. Assistance were obtained from CoGTA and the LED Section will review the LED Strategy for Nketoana. It is anticipated	1. 1 revised LED strategy	1. Review of LED Strategy before the end of the 3rd quarter of the financial year  2. 1 reviewed LED Strategy

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual	2. Evidence 3. Reason for Deviation 4. Remedial Action	1. Target 2. Actual	1. Objective 2. Target
														that it will be ready by the end of the 3 <sup>rd</sup> quarter of the 2018/2019 financial year.		
MM 2 Com 2	To create an environment conducive for investment and increased economic activity in the Nketoana municipal area	Support for LED projects in all four units	Number of credible LED projects supported	New							4	0	4	1. <b>NOT ACHIEVED</b> 2. 3. Financial constrains prevented this to be done with own funds	1. 4 2. 0	1. To create an environment conducive for investment and increased economic activity in the Nketoana municipal area. Support for LED projects in all four units
													0	4. Assistance will be requested from CoGTA as well as from DESTEA.		
MM 3		Support for the Biellie Miellie	Number of Jazz Festivals held	New					1	0			1	1. <b>NOT ACHIEVED</b>	1 1 2. 0	1. - 2. -

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual	2. Evidence 3. Reason for Deviation 4. Remedial Action	1. Target 2. Actual	1. Objective 2. Target
Com 3		fees by holding a JAZZ Festival to promote local upcoming artists											0	2.  3. Financial constraints prevented this to be done with own funds  4. Until the financial position of the municipality is stabilized, this activity will be removed from as an indicator		
MM 4 Com 4	To create an environment conducive for investment and increased economic activity in the Nketoana municipal area.	Training of 4 business forums	Number of business forums trained	4	1	0	1	0	1	0	1	0	4  0  6	1. <b>NOT ACHIEVED</b>  2. -  3. Budget constraints  4. Although no business forums were trained, a successful Youth Dialogue was held where the needs were discussed regarding business skills training	1. 4  2. 0	1. To create an environment conducive for investment and increased economic activity in the Nketoana municipal area.  2. Training of 4 business forums

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual	2. Evidence 3. Reason for Deviation 4. Remedial Action	1. Target 2. Actual	1. Objective 2. Target
														for the youth. The assistance of SEDA will be obtained to execute this. DESTEA will also be requested to be involved in this venture.		

<b>Key Performance Area:</b>	<b>Local Economic Development</b>
<b>IDP Priority:</b>	<b>Tourism</b>
<b>Vote/Function:</b>	<b>Tourism</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual		2. Evidence	1. Target 2. Actual	1. Objective 2. Target
													3. Reason for Deviation 4. Remedial Action			
MM 8 Com 8	Review the Tourism Strategy/Plan of Nketoana before the end of the 3rd quarter of the financial year.	Number of reviewed Tourism Strategies	1 reviewed Tourism Strategy	1			1						1  0	1. <b>NOT ACHIEVED</b>  2. –  3. Financial constraints prevented the strategy to be reviewed with own funds.  2. The assistance of DESTEA's Tourism Section will be request to assist with the review of the Tourism Strategy.	1. 1 2. 0	1. Review the Tourism Strategy/Plan of Nketoana before the end of the 3rd quarter of the financial year.  2. 1
MM 9 Com 9	Review and update of a database for places of attraction in	Number of databases reviewed and updated	1 Database	1							1	1	1 1	1. <b>ACHIEVED</b> 2. Copy of the database	1. 1 2. 1	1. Review and update of a database for places of



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual		2. Evidence	1. Target 2. Actual	1. Objective 2. Target
													3. Reason for Deviation 4. Remedial Action			
	the municipality												3. – 4. -		attraction in the municipality. 2. 1	
MM 10 Com 10		Put Tourism signage at strategic areas  Explanation :  Clearly defined municipal borders	Number of Tourism signage erected	New							14 0	14 0	1. <b>NOT ACHIEVED</b>  2. –  3. Financial constraints prevented the signs to be erected.  4. DESTEA will assist the municipality to obtain signs to identify the jurisdictional area of Nketoana.	1. 14 2. 0	1. Put Tourism signage at strategic areas 2. 14	
MM 11 Com 11		Conduct a local community awareness campaign about local township tourism	Number of local community awareness campaign conducted	New			1	1				1 1	1. <b>ACHIEVED</b> 2. A report on the event hosted at a local school 3. – 4. For the 2018/52019 financial year.	1. 1 2. 1	1. Conduct a local community awareness campaign about local township tourism. 2..4	

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual		2. Evidence	1. Target 2. Actual	1. Objective 2. Target
													3. Reason for Deviation	4. Remedial Action		
													DESTEA is going to assist Nketoana to host such events at more schools in the municipality			
MM 12 Com 12		Improve marketing of Tourism in Nketoana by the installation of Visual Tour	Number of Installations of Visual Tour	New							1	0	1 0	1. NOT ACHIEVED  2. –  3. The municipality could not obtain funding for this project and due to financial constraints no own funds were available.  4. The Office of the Premier installed a promotional program on services in the Free State to be viewed by the public when visiting	1. 1  2. 0	1. Improve marketing of Tourism in Nketoana by the installation of Visual Tour.  2. 0

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual		2. Evidence	1. Target 2. Actual	1. Objective 2. Target
													3. Reason for Deviation 4. Remedial Action			
													the municipality.			
MM 13  Com 13	To compile business processes to enable interpretation of the SDBIP	Compilation of Business processes for 5 indicators on Tourism	Number of business processes on Tourism compiled	New			5						5  5	1. ACHIEVED  2. Copy of the business processes descriptions  3. -  4. -	NEW	1. To compile business processes to enable interpretation of the SDBIP  2. 5 business processes/technical indicators

## Environmental Issues

The Municipality is in the final phase of finalizing the Environmental Management Plan. However, there is an understanding by management of the importance to promote a healthy environment. In this regard, the inter-dependence between environmental management planning and environmental impact studies in the case of technical and other projects that may potentially harm the environment, or scarce environmental resources (such as water) is especially important.

*Figure / Table 3.59: Implications of issues related to environmental management*

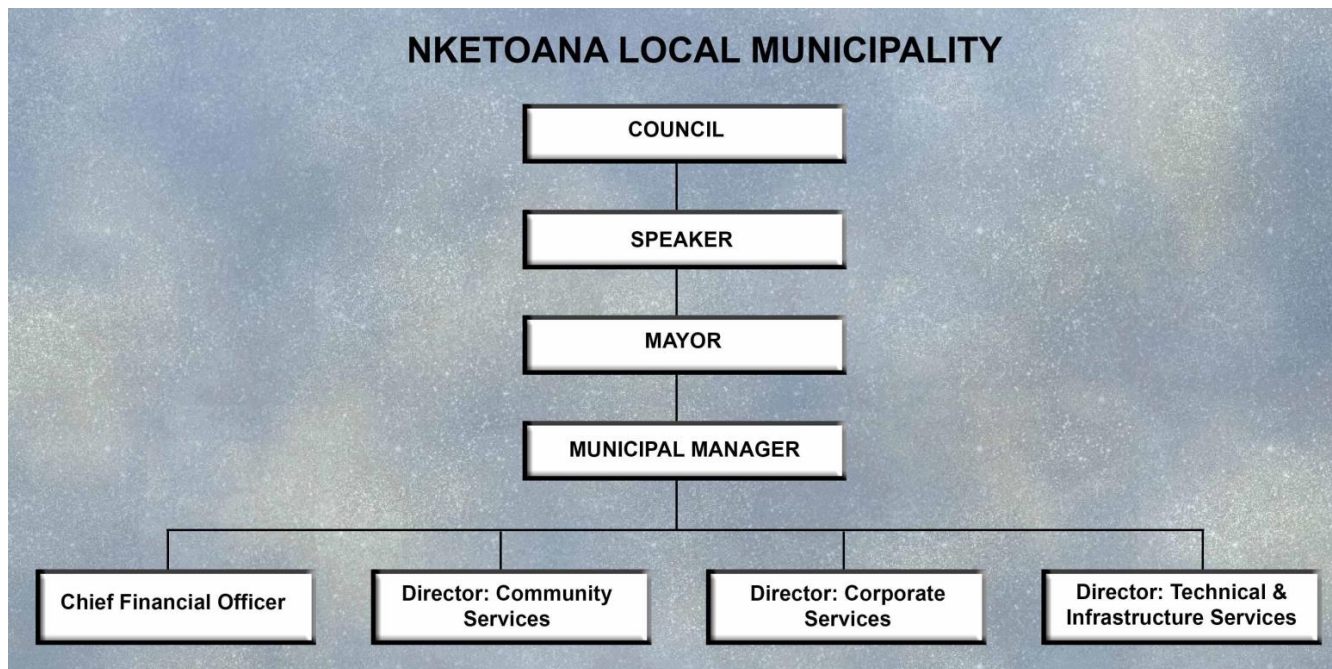
<i>Relation to the Status Quo Analysis</i>	The Municipality is aware of the potential impact of its intended projects and activities on the environment, and the Environmental Management Plan that is currently being finalized, contains a comprehensive analysis of the specifics of the current realities and situation.
<i>Contribution to objectives</i>	It is especially objectives and projects that imply a direct interaction with the environment where a large degree of sensitivity regarding environmental issues are present. In this regard, special mention could be made of water-related projects and initiatives, waste water management, roads, storm water, refuse removal, electricity, sport, recreation, traffic and firefighting. <b>Refer to paragraph 3.7 in this IDP.</b>
<i>Relationship with Programmes and Projects</i>	

The Nketoana Municipality offers its communities, potential investors and other stakeholders several dynamic opportunities. The municipality is situated close to the important N3 main road between two of the country's primary economic centers, namely those of Durban / Pietermaritzburg and the Gauteng economic hinterland, Johannesburg / Tshwane. The Council's development focus is especially on the following opportunities:

Development Opportunity	Focus Initiatives
<b>Economic growth</b>	<ul style="list-style-type: none"> <li>Tourism is the main focus area for expanded economic growth.</li> <li>Creation of a conducive environment for local economic development and job creation is a central theme in the Municipality's local economic development initiatives.</li> </ul>

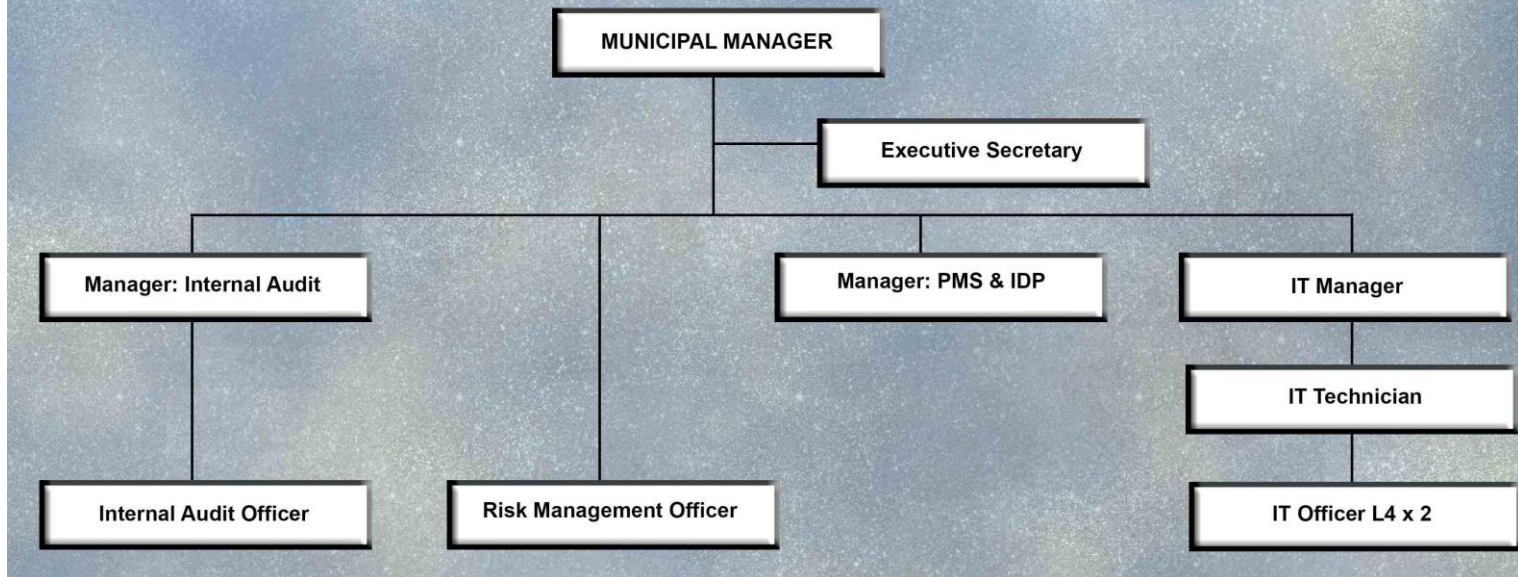
Development Opportunity	Focus Initiatives
	<ul style="list-style-type: none"> <li>The Council supports national government's focus on SMME and BBBEE development. There is also an understanding of the importance of promoting local industries, but due to the rural nature of the area, it is not always possible to obtain the required skills and resources required by the Municipality from local sources.</li> </ul>
<b>Improved Service Delivery</b>	<ul style="list-style-type: none"> <li>It is the Municipality's primary role to ensure basic services to its citizens in an equal and balanced manner. These include services such as water, sanitation, refuse removal, waste disposal and the maintenance of roads, streets and pavements.</li> <li>The maintenance of infrastructure and replacement of ageing infrastructure is a high priority for the Council. Lack of resources severely limits Council's capacity to achieve this.</li> </ul>
<b>Good Governance</b>	<ul style="list-style-type: none"> <li>The Council continuously strives improve the efficiency of its political and administrative systems, structures and processes.</li> <li>It is a high priority for Council to involve its citizens in decisions affecting them.</li> <li>Improved financial viability and consistent efforts to improve the efficiency of the municipality's administration and management systems and processes are high priorities.</li> </ul>
<b>Integrated Human Settlements</b>	<ul style="list-style-type: none"> <li>The Municipality has managed to increase access to housing, but the backlog stays a challenge.</li> <li>The Municipality currently prioritizes the review of its Spatial Development Framework and the design of an appropriate land use management system.</li> </ul>
<b>Social and Community Development</b>	<ul style="list-style-type: none"> <li>It is important for the Council to ensure good quality and well-maintained sport facilities, parks and community halls for its communities.</li> </ul>

Figure / Table 3.60: Organogram

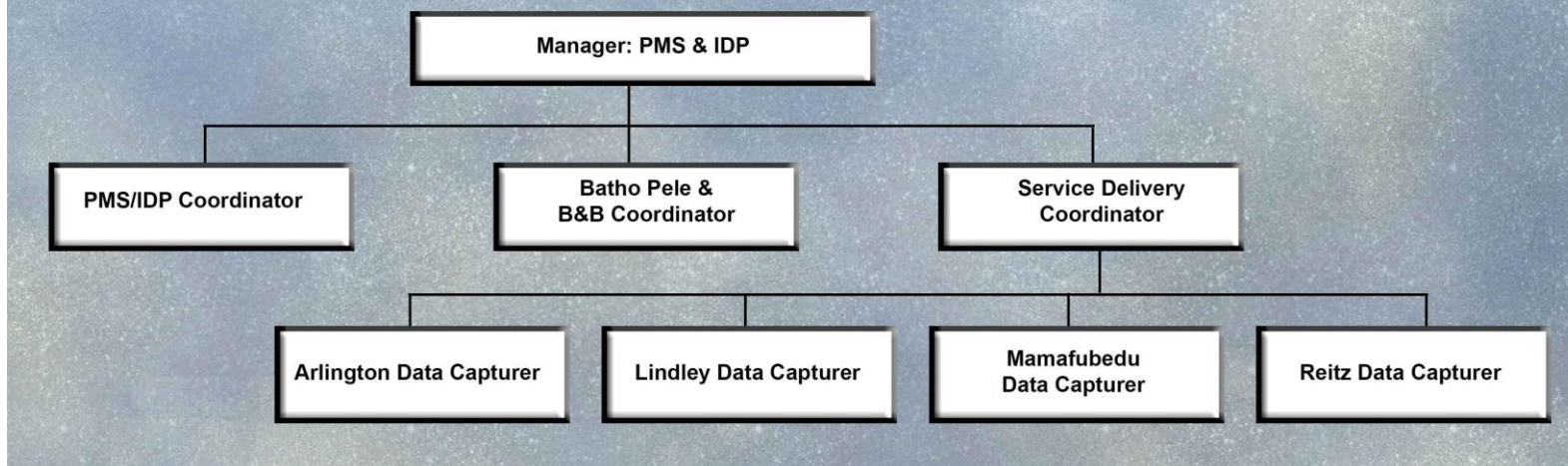




## OFFICE OF THE MUNICIPAL MANAGER



## OFFICE OF THE MUNICIPAL MANAGER







## Component D: Community & Social Services

### 3.8 Community and Social Services

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#### Cemeteries

There is sufficient cemetery space in Reitz, but Petsana has a newly established cemetery. There are four cemeteries that are fully utilized and closed. Due to high death rate, future cemetery areas need to be identified as a matter of urgency.

In Petrus Steyn and Mamfubedu there is adequate cemetery space and cemeteries are in a good condition. There is 1 in each settlement that needs to be maintained, fenced and upgraded and another east of the town. There are 2 cemeteries that were fully utilized and have been closed.

In Arlington and Leratswana existing cemeteries are inadequate and a new one has been planned for the Huguenot Farm. Ablution facilities have to be constructed at the existing cemeteries. There are 2 cemeteries that are fully utilized and closed.

The Lindley cemetery is almost fully utilized. A new site has to be identified or the Ntha cemetery needs to be expanded. There are 3 cemeteries that are fully utilized and closed. The Ntha cemetery is adequate over the short term, but has to be properly maintained and upgraded. The community has also requested ablution facilities at the existing cemeteries.

## Social and Community Profile

Figure / Table 3.61: Social and Community Infrastructure

Nature	Reitz / Petsana	Petrus Steyn / Mamafubedu	Arlington / Leratswana	Lindley / Ntha
<b>Education</b>	<p>Reitz-Petsana has 4 primary schools, 2 secondary schools, 1 combined school and a Christian Academy.</p> <p>In Reitz there is a satellite District Office of the Department of Education.</p> <p>There is also 1 boarding school and some crèches.</p>	<p>Petrus Steyn has 1 primary school (400 learners), 1 secondary school (1117 learners) and 2 crèches.</p> <p>Mamafubedu has 2 primary schools (1 085 and 1 371 learners), 1 secondary school (1 024 learners) and 4 crèches.</p>	<p>There is 1 primary school and 1 secondary school in Leratswana, as well as 2 crèches.</p>	<p>In Lindley and Ntha there are primary and secondary schools, as well as several crèches and day care facilities.</p>
<b>Health Services</b>	<p>Reitz-Petsana boasts a fully equipped provincial hospital with 2 wards and 65 beds. It operates 24 hours a day.</p> <p>There is a municipal clinic in Petsana, a community clinic in Reitz, trauma centre and a step-down facility.</p>	<p>Petrus Steyn has 1 clinic and a mobile clinic services the rural areas.</p> <p>Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies. All units render home-based services, with volunteers trained by the Provincial Department of Health.</p>	<p>There is 1 clinic in Leratswana.</p> <p>Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies.</p>	<p>There is a clinic in Lindley, but it is not satisfactory to the community, due to a lack of nursing staff and doctors. Furthermore, "Bato Pele Principles" are not practiced by staff.</p>
<b>Welfare Services</b>	<p>The following social welfare services are available, under guidance of the Department of Social Welfare:</p> <ul style="list-style-type: none"> <li>Social workers from Kinderlike Maatskaplike Dienste (KMD).</li> </ul>	<p>Welfare organisations are available in Petrus Steyn and Mamafubedu. Welfare services are rendered by Kinderlike Maatskaplike Dienste (KMD). Social workers from the provincial department, from the Bethlehem</p>	<p>Welfare services are rendered by Kinderlike Maatskaplike Dienste (KMD). Social workers from the provincial department, from the Bethlehem office, render service once a week.</p>	<p>Welfare services are rendered by Kinderlike Maatskaplike Dienste (KMD). Social workers from the provincial department, from the Bethlehem office, render service once a week.</p>

Nature	Reitz / Petsana	Petrus Steyn / Mamafubedu	Arlington / Leratswana	Lindley / Ntha
		office, render service once a week.		There is 1 old age home.
<b>Social Services</b>	<ul style="list-style-type: none"> <li>• Social workers from the Department of Social Welfare that provide weekly or bi-weekly visits,</li> <li>• Two development workers - stationed in Bethlehem.</li> <li>• Pension applications done every Tuesday.</li> <li>• Service centre for the aged.</li> <li>• Four registered crèches in Petsana.</li> <li>• Five job creation projects.</li> <li>• Two old age homes namely Sisters of St Paul and Huis Sorgvry.</li> <li>• A number of home-based care groups.</li> <li>• Women's groups.</li> <li>• Various facilities and projects.</li> </ul>	There are 2 old age homes and a Centre for disabled people.		
<b>Churches</b>	Numerous churches represent the denominational spectrum are available	Numerous churches represent the denominational spectrum are available.	All denominations are represented.	There are several churches of all denominations.
<b>Government</b>	Government and semi-government functions located in Reitz-Petsana are Magistrate's Office, South African Police Service, Provincial Traffic, Public Works and Roads, Agriculture, and the Regional Education Department.	<p>Government functions located in Petrus Steyn is Magistrate's Office, and the South African Police Service.</p> <p>The Municipal offices are located in Petrus Steyn.</p>		

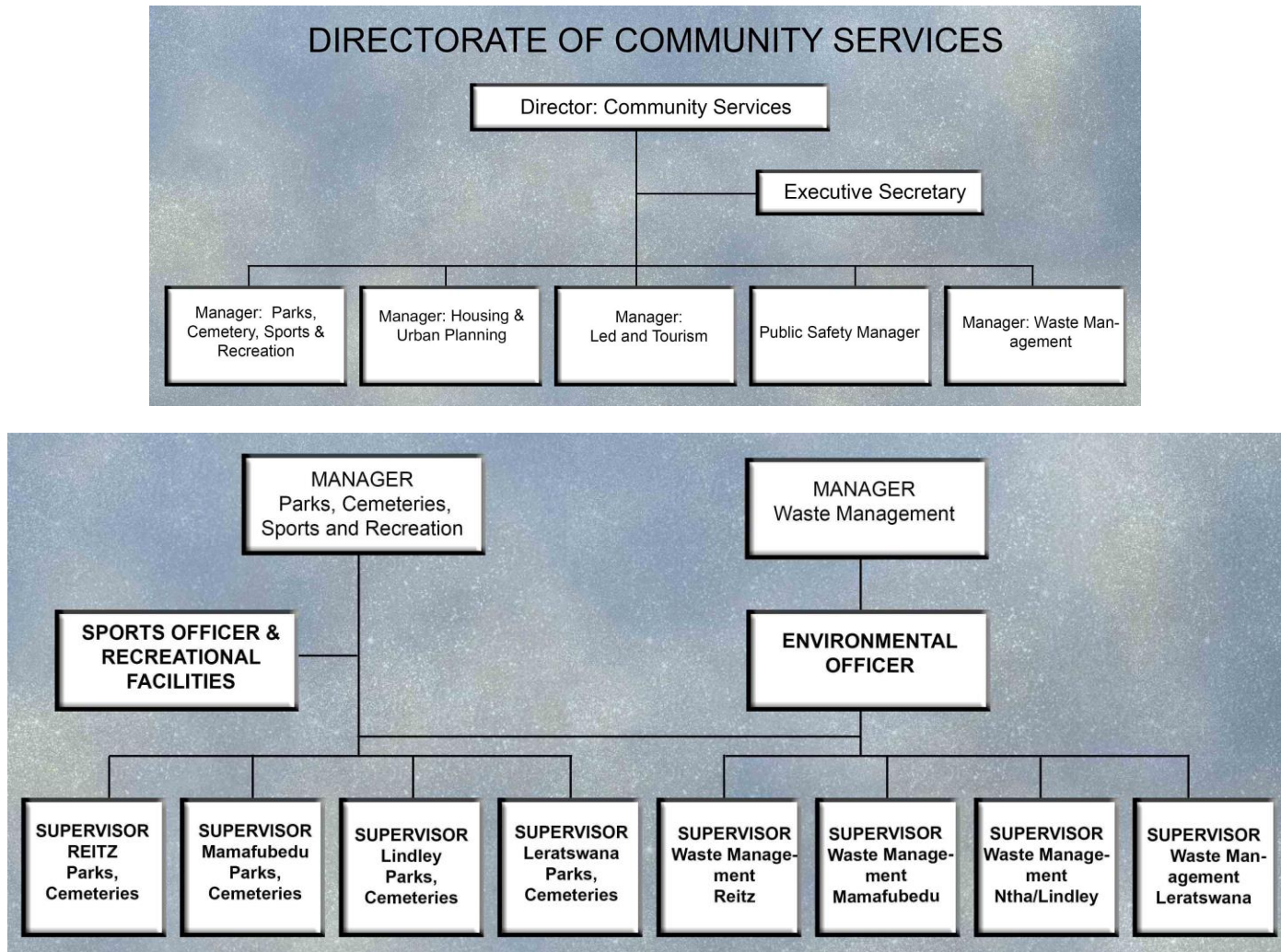
Nature	Reitz / Petsana	Petrus Steyn / Mamafubedu	Arlington / Leratswana	Lindley / Ntha
<b>Sports, Recreation, Conservation and Tourism</b>	<p>Community hall Sports Facility SMME Hub</p> <p>Community Hall in Petsana</p> <p>The Piet Geyer Sport Park is situated in Reitz and the Petsana Sports Grounds in Petsana. These grounds provide various sport facilities, like soccer, rugby, tennis, netball, volley ball, basketball, cricket, athletics and swimming. The Petsana Sports Grounds needs to be upgraded.</p> <p>A 9-hole golf course is next to the Vrede Road outside Reitz.</p> <p>Recreation services are provided in the form of a caravan park, various parks and open spaces and also the "Bietjie-Water" holiday resort on the Warden Road, 8 km from Reitz.</p> <p>Tourist attractions are flower farms, bird farms, 2 lion farms and various national monuments. Tourist events are the Bieliemielie (maize) festival in summer, the annual motorbike festival and VKB rugby week. There are 3 guesthouses, 1 hotel, 1 guest lodge and 1 caravan park and 1 holiday resort. There is a game</p>	<p>Community hall Sports Facility Youth Development Centre</p> <p>There is a privately owned sports grounds northeast of Petrus Steyn. In Petrus Steyn soccer, rugby, golf, horse riding, bowls, tennis, netball, basketball, squash, athletics, badminton and jukskei are on offer. In Mamafubedu soccer, volleyball, karate, boxing, Softball, table tennis and pool are practiced, regardless of the lack of formal facilities.</p> <p>Various festivals are held annually, like the Sunflower Festival. There is a hotel, numerous guesthouses, 3 game farms and the renowned Kruispad missionary church available to tourists. There are also flower, nut and bird farms and the annual stud auctions that attract visitors to the area.</p>	<p>Community halls in Arlington as well as Leratswana</p> <p>Arlington has 1 sport facility.</p> <p>Leratswana only has a soccer field, in poor condition.</p> <p>Arlington hosts the Agri-Tourist Route at Wisp-Will Game Lodge and has many other game farms as tourist attractions, especially for hunting.</p> <p>There are walking trails and annual stud auctions.</p>	<p>Community hall Sports Facility Tourism centre</p> <p>Lindley has a functional multi-purpose sport facility close to the Vals River, north of the town.</p> <p>Ntha has an allocated sport site, but it is not developed. There are also various undeveloped parks.</p> <p>The Vals River runs next to Lindley-Ntha and subsequently various riverside, as well as wetland areas, exist in the area that are of ecological sensitivity and requires proper conservation management. Lindley is the birthplace of Dr Danie Craven. It also has an annual festival called Kuierfees. It has 1 holiday resort, 3 B&amp;Bs and 1 guest farm. There is also the Yeomanny Koppies and graves, famous due to its Anglo-Boer War heritage. The Piekniekdraai resort has great potential and should be developed. In Ntha is a historic Dutch Reformed Church.</p>

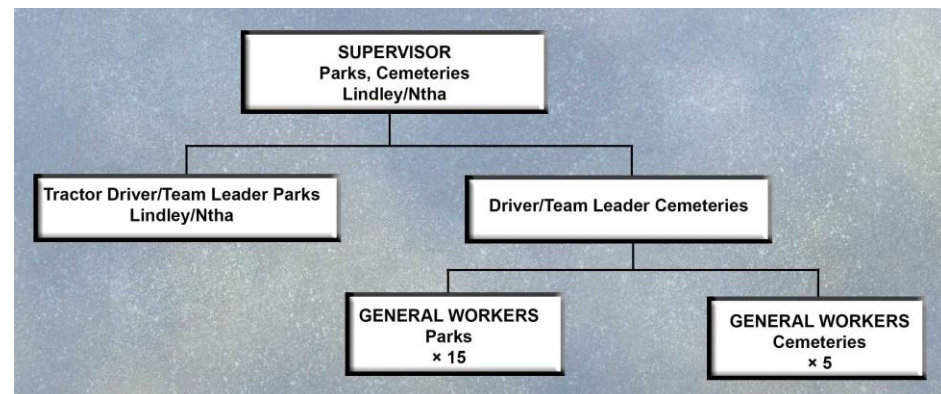
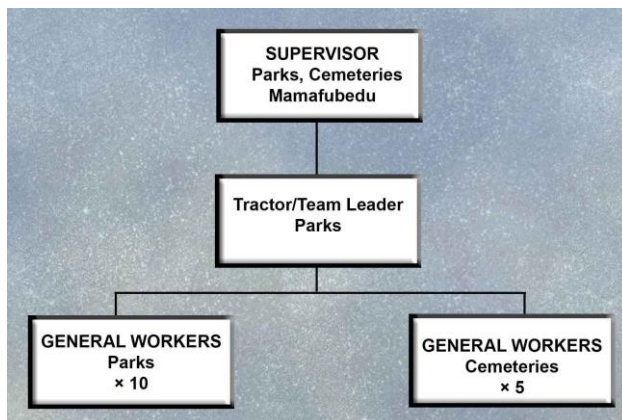
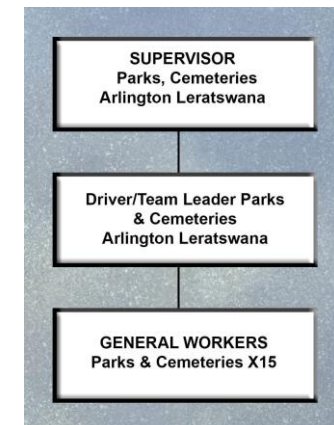
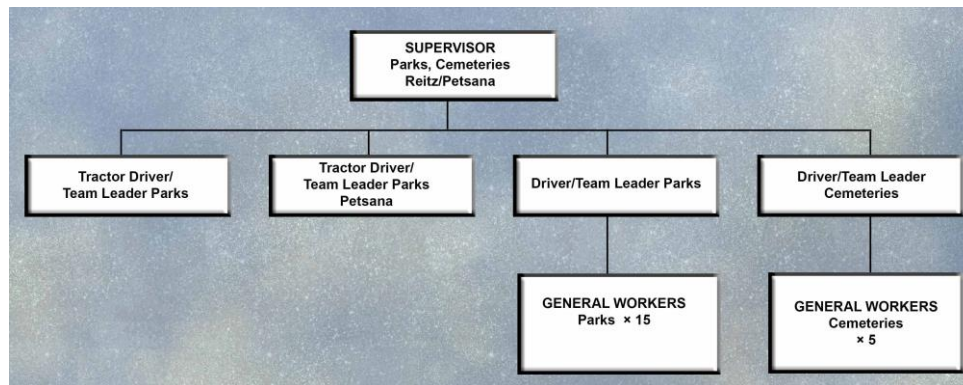
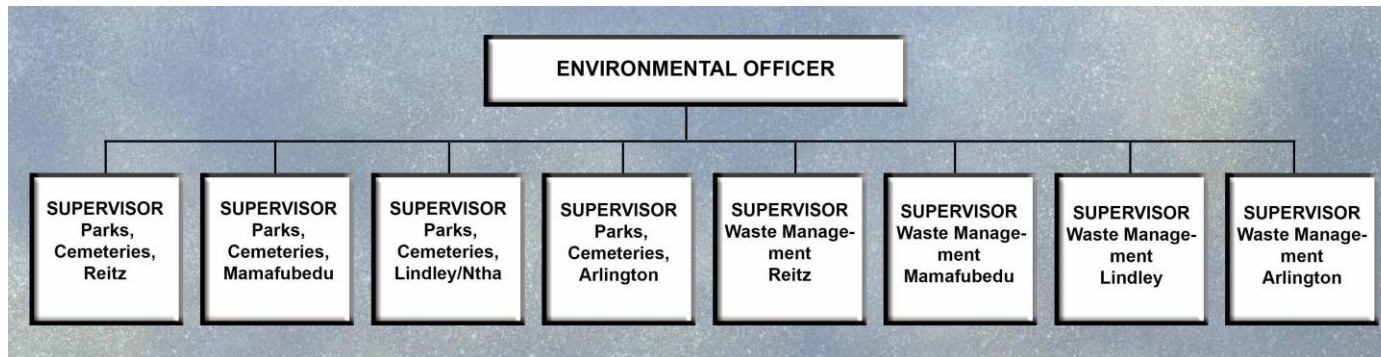


Nature	Reitz / Petsana	Petrus Steyn / Mamafubedu	Arlington / Leratswana	Lindley / Ntha
	park within Reitz, with black wildebeest, zebras, ostriches, and so forth. There are also annual stud auctions.			
<b>Emergency Services</b>	<p>An ambulance service assists Reitz, its district and Petrus Steyn. The local call centre is at Reitz, but it is slow and inadequate.</p> <p>The municipality has a fire brigade service, linked to the traffic department and ambulance service; it services the entire Nketoana.</p>	<p>Qualified paramedical personnel, in conjunction with an ambulance service from Reitz are utilised. The call centre was moved to Bloemfontein, but sometimes there are no answer and long waiting periods for the ambulance.</p> <p>The road conditions in Mamafubedu hamper emergency service delivery.</p> <p>The municipality has a fire brigade service and focus on the municipal area within a 5 km radius. Outside this radius, farmers receive fire hydrants and similar equipment.</p>	<p>Ambulances from Senekal are dispatched from the Bloemfontein call centre.</p> <p>Firefighting services are rendered from Reitz.</p>	<p>Lindley has an ambulance station, with the call centre in Bloemfontein that is not functioning well.</p> <p>There is a bakkie with a fire fighter.</p>
<b>Safety &amp; Security</b>	The SAPS has a Community Service Centre in Reitz and Community Policing Forum.	The SAPS has a local police station in Petrus Steyn and a community policing structure as support.	The SAPS has a Community Service Centre in Arlington and Community Policing Forum.	The SAPS has a Community Service Centre in Lindley and Community Policing Forum.
<b>Other community facilities</b>	Reitz-Petsana each has a community hall and libraries.	Petrus Steyn accommodates the post office and Telkom offices. There is a library in Petrus Steyn and another in Mamafubedu. Mamafubedu also has a community hall.	Arlington-Leratswana each has a conveniently located community hall. There is a post office in Arlington. The library is housed by the primary school.	Lindley and Ntha each have a community hall and libraries. There is a post office in Lindley. The town hall in Lindley is a historic sand stone building that needs upgrading.

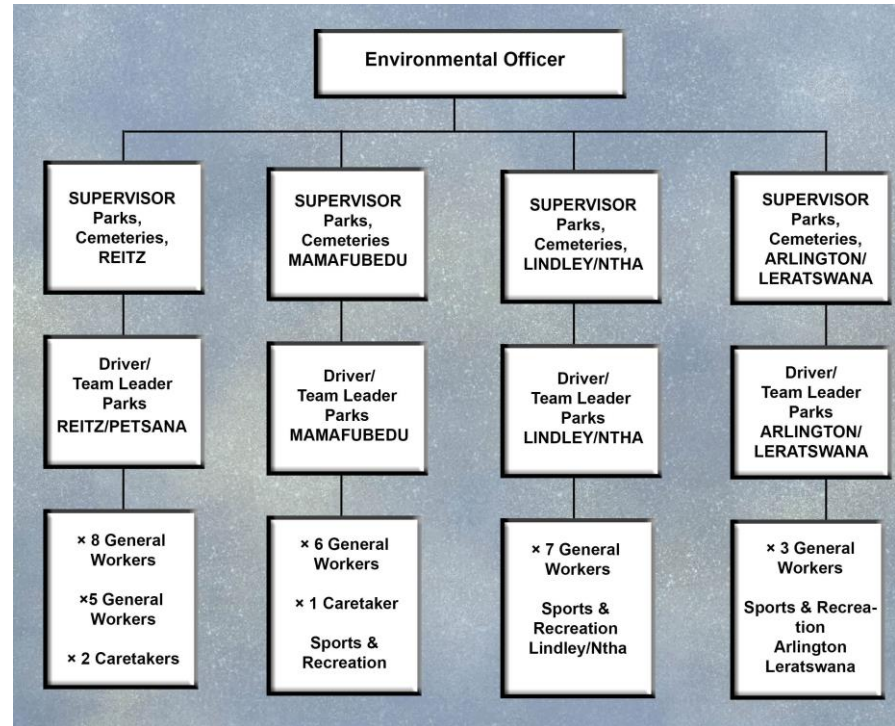
(Source: Nketoana SDF, 2010,2011)

Figure / Table 3.62: Organogram









<b>IDP Priority 8:</b>	Cemeteries and Parks
<b>Strategic Objective:</b>	To ensure effective management of graveyards and cemeteries in the Nketoana municipal area
<b>Outcomes:</b>	6 operational cemeteries
<b>Vote:</b>	Community and Social Services
<b>Sub-function:</b>	Cemeteries and Crematoriums

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Basic Service Delivery</b>
<b>IDP Priority:</b>	<b>Cemeteries and Parks</b>
<b>Vote/Function:</b>	<b>Community and Social Services</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target  Annual Actual	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target  2. Actual	1. Objective  2. Target
<b>MM 94 Com 49</b>	To ensure effective management of graveyards and cemeteries in the Nketoana municipal area	Routine operation and maintenance of parks and cemeteries  Standard:  Daily maintenance of	Frequency of maintenance at parks, according to operational schedule	Daily	Daily, according to schedule	Daily, according to schedule. The daily activities are reported in the monthly Section	Daily, according to schedule	Daily, according to schedule. The daily activities are reported in the monthly Section	Daily, according to schedule	Daily, according to schedule. The daily activities are reported in the monthly Section	Daily, according to schedule	Daily, according to schedule. The daily activities are reported in the monthly Section	Daily, according to schedule  Daily, according to schedule. The daily activities are	1. <b>ACHIEVED</b>  2. Copies of Section 79 Report  3. -  4. -	1. Daily, according to schedule. The daily activities are reported in the monthly Section  2. Daily, according to schedule. The daily	1. Daily, according to schedule. The daily activities are reported in the monthly Section 79 Report  2. Daily, according to schedule. The daily

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target  Annual Actual	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target  2. Actual	1. Objective  2. Target
		parks according to operational schedules . Not all parks are serviced daily, but the maintenance is done according to the maintenance schedule				79 Report		79 Report		79 Report		79 Report	reported in the monthly Section 79 Report		79 Report  2. Daily, according to schedule. The daily activities are reported in the monthly Section 79 Report	activities are reported in the monthly Section 79 Report
MM 95 Com 50		Purchasing of 1 TLBs	Number of TLBs purchased	New							1	0	1 — 0	1. NOT ACHIEVED  2. —  3. Due to financial constraints , it could not be procured.  4. The obtaining of this compactor truck is of the utmost	1. 1  2. 0	1. To ensure that all households in urban areas have access to waste removal according to waste removal standards and good waste management in the municipal area.

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target  Annual Actual	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target  2. Actual	1. Objective  2. Target
														importance because the service delivery can be affected negative.		2. 1
MM 96 Com 51	To computerization of graves records	Procure software, install and implement	Number of programs procured	New							1	0	1	1. NOT ACHIEVED	1. 1 2. 0	1. To computerization of graves records 2. 0
													0	2. –  3. Due to financial constraints this could not be obtained.  4. The graves will be captured manually on computer to ensure proper records of graves.		



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018							Annual Target  Annual Actual	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual		1. Target  2. Actual	1. Objective  2. Target
MM 97 Com	Business Processes								5	5		5	1. <b>ACHIEVED</b>  2. A copy of the document  3. –  4. –	NEW	1. <b>Business Processes</b>  2. 5
												5			

<b>IDP Priority 10:</b>	Sport and Recreational Facilities
<b>Strategic Objective:</b>	To ensure access to quality sport and recreational in the Nketoana municipal area
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>Upgrade Mamafubedu sport facility</li> <li>Ntha-sport facility in 2014/15</li> <li>Upgrading of Piekniekdraai in Lindley to cater for caravans</li> </ul>
<b>Vote:</b>	Sport and Recreation

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Basic Service Delivery</b>
<b>IDP Priority:</b>	<b>Sport</b>
<b>Vote/Function:</b>	<b>Sport &amp; Recreational Facilities &amp; Music Halls</b>
<b>Directorate:</b>	<b>Community Services</b>

ef No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019					
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		2. Evidence	3. Reason for Deviation	4. Remedial Action	1. Target	2. Actual	1. Objective	2. Target
MM 98  Com 56		Upgrading of Petsana Sports Complex Phase 1 Construction of a Guard House,  Fencing of the area	Construction of a Guard House,  Fencing of the area		1	0							<div>1</div> <div>0</div>	1. NOT ACHIEVED	2.	3.Challenges with the completion of the project	4.	NEW	1. Upgrading of Petsana Sports Complex Phase 1 Construction of a Guard House,  Fencing of the area  2. Next phase		



## Component E: Health

### 3.9 Health

Section 152 of the Constitution, 1996, stipulates as the core objects of local government the following:

1. *The objects of local government are -*
  - a. *to provide democratic and accountable government for local communities;*
  - b. *to ensure the provision of services to communities in a sustainable manner;*
  - c. *to promote social and economic development;*
  - d. *to promote a safe and healthy environment; and*
  - e. *to encourage the involvement of communities and community organisations in the matters of local government.*
2. *A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).*
3. The Nketoana Local Municipality places these objects at the core of all its operations, programmes and projects, and has therefore, in compliance with the National Government's vision for local government, structured its activities according to the following five key performance areas:

*Key Performance Areas, and their relation to the objects of the Constitution, 1996*

Objects of the Constitution, 1996	Municipal Key Performance Areas
<i>to provide democratic and accountable government for local communities</i>	<b>Good Governance &amp; Public Participation</b>
<i>to encourage the involvement of communities and community organizations in the matters of local government</i>	
<i>to ensure the provision of services to communities in a sustainable manner</i>	<b>Basic Service Delivery &amp; Infrastructure Investment</b>
<i>to promote a safe and healthy environment</i>	
<i>to promote social and economic development</i>	<b>Local Economic Development (including job creation)</b>

The removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment.

By establishing and maintaining parks, the municipality contribute to a healthy environment.

Municipal health services means environmental health services performed by the District Municipality.

Infrastructure in terms of Physical Health Services in the area are as follow:

*Social and Community Infrastructure* (Nketoana SDF, 2010-2011)

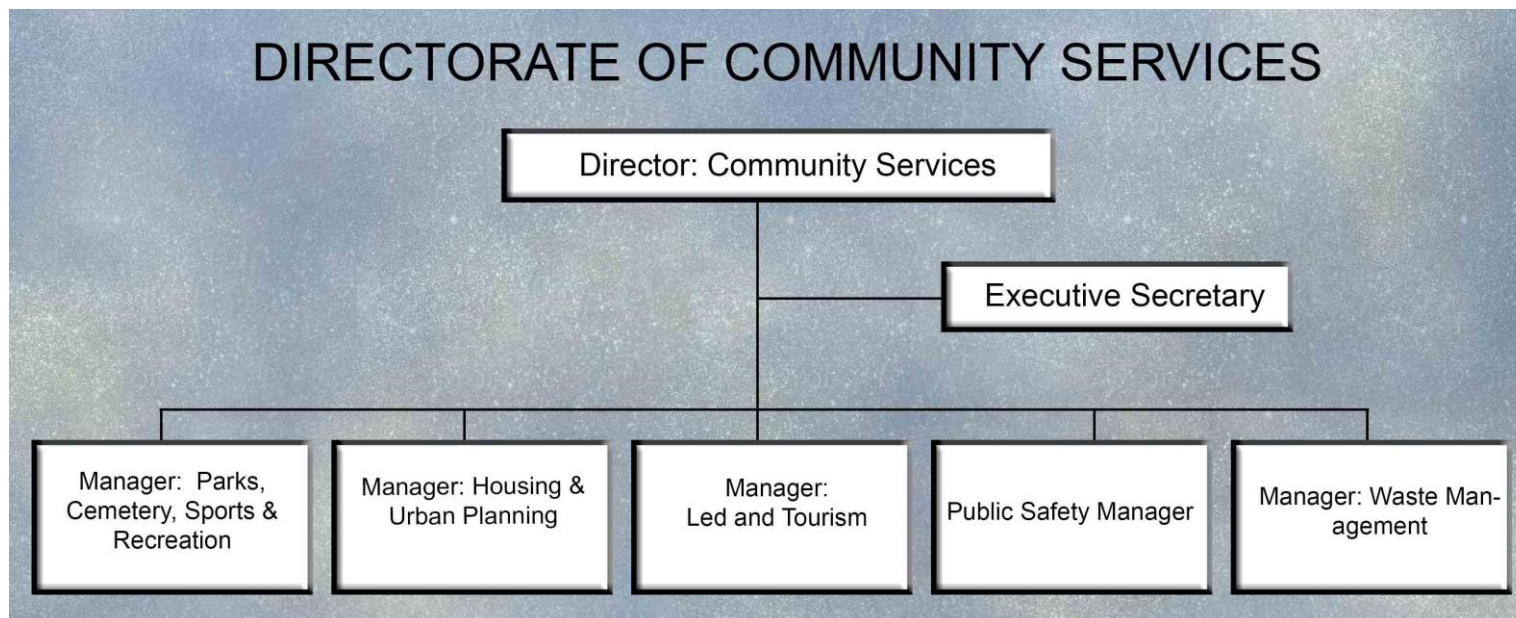
Nature	Reitz / Petsana	Petrus Steyn / Mamafubedu	Arlington / Leratswana	Lindley / Ntha
<b>Health Services</b>	<p>Reitz-Petsana boasts a fully equipped provincial hospital with 2 wards and 65 beds. It operates 24 hours a day.</p> <p>There is a municipal clinic in Petsana, a community clinic in Reitz, trauma centre and a step-down facility.</p>	<p>Petrus Steyn as 1 clinic and a mobile clinic services the rural areas.</p> <p>Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies. All units render home-based services, with volunteers trained by the Provincial Department of Health.</p>	<p>There is 1 clinic in Leratswana.</p> <p>Health facilities in Reitz and Bethlehem are used for more advanced medical treatment and emergencies.</p>	<p>There is a clinic in Lindley, but it is not satisfactory to the community, due to a lack of nursing staff and doctors. Furthermore, "Bato Pele Principles" are not practices by staff.</p>

## Component F: Safety and Security

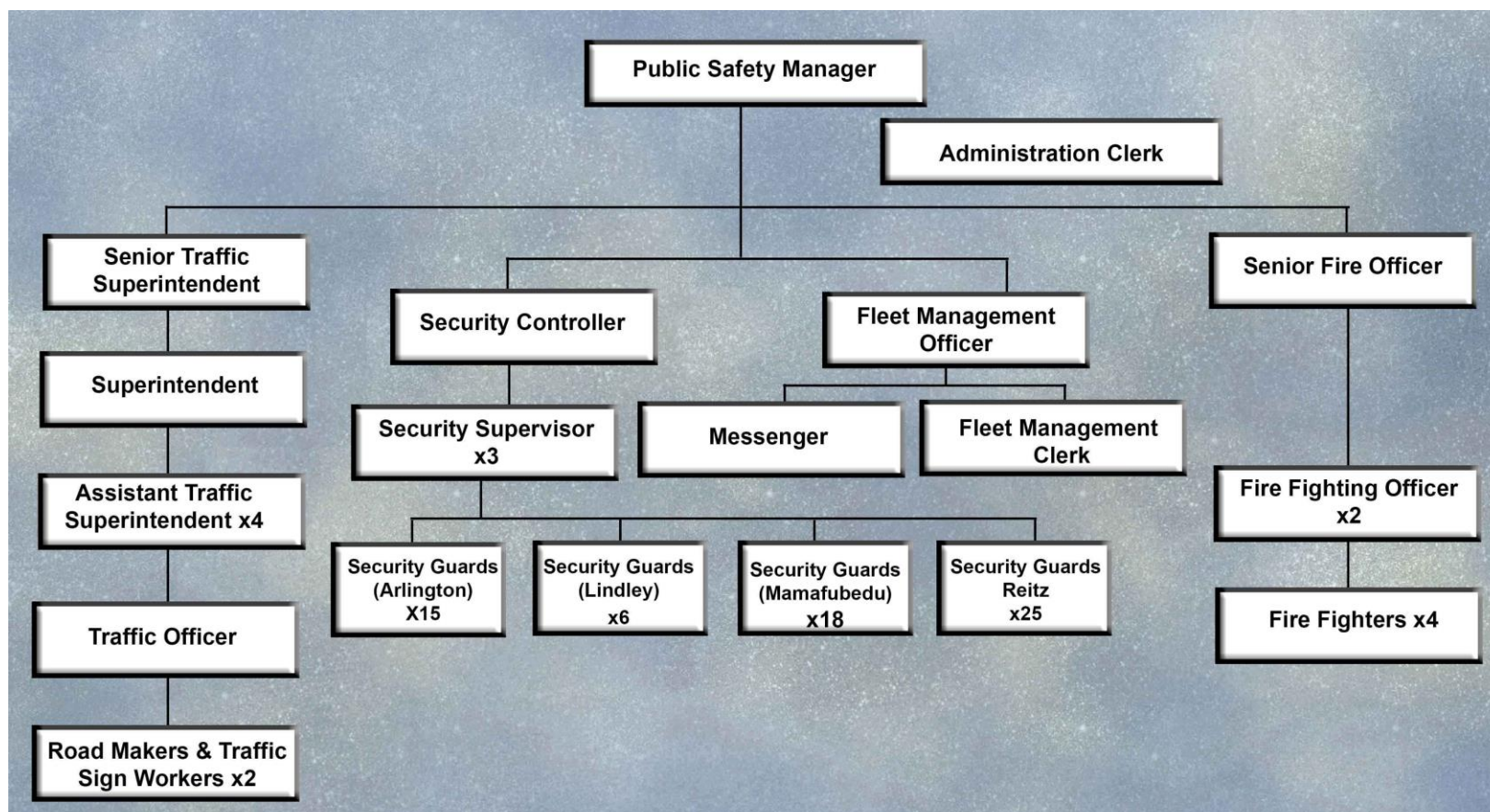
### 3.10 Safety and Security

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Figure / Table 3.63: Organogram







<b>IDP Priority:</b>	Traffic & Fire
<b>Strategic Objective:</b>	To ensure access to quality Law enforcement and safety in the Nketoana municipal area
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>Road safety, prevention of loss of lives on Nketoana roads</li> <li>Effective law enforcement</li> </ul>
<b>Vote:</b>	Traffic & Fire

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Basic Service Delivery</b>
<b>IDP Priority:</b>	<b>Traffic &amp; Fire</b>
<b>Vote/Function:</b>	<b>Traffic Law Enforcement</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
<b>MM 99 Com 57</b>	To ensure access to quality Law enforcement and safety in the Nketoana municipal area	Provision of safe traffic environment.	Value of traffic fines collected	New	R100,000		R100,000		R100,000		R100,000		R400,000	1. 2. Copies of reports 3. Targets never achieved due to lack of motivation of staff. 4. Awaiting the moving of Traffic Section to the Provincial Department	1. 400 000 2. 135 150	1. To ensure access to quality Law enforcement and safety in the Nketoana municipal area 2. 400 000
			Number of speed	New							5	0	5		1. 5	1. Speed humps

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performan ce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actu al	Oct-Dec 2017	Actu al	Jan-March 2018	Actu al	April-June 2018	Actu al			Annual Actual	1. Target  2. Actual
MM 100  Co m 58		Speed humps constructed in all 4 units	humps constructed in Reitz										0	1. <b>NOT ACHIEVED</b>  2. Copies of reports  3. Targets never achieved due to lack of motivation of staff.  4, Awaiting the moving of Traffic Section to the Provincial Departmen t	2. 0	constructed in all 4 units  2. 5
			Number of speed	New							5	0	5		1. 5	1. Speed humps

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 101 Com 59			humps constructed in Mamafubedu										0	1. <b>NOT ACHIEVED</b> 2. Copies of reports 3. Targets never achieved due to lack of motivation of staff. 4. Awaiting the moving of Traffic Section to the Provincial Department	2. 0	constructed in all 4 units 2. 5
MM 102 Com 60			Number of speed humps constructed in Lindley	New							5	0	5 0	1. <b>NOT ACHIEVED</b> 2. Copies of reports 3. Targets never achieved due to lack of motivation of staff.	1. 5 2. 0	1. Speed humps constructed in all 4 units 2. 5

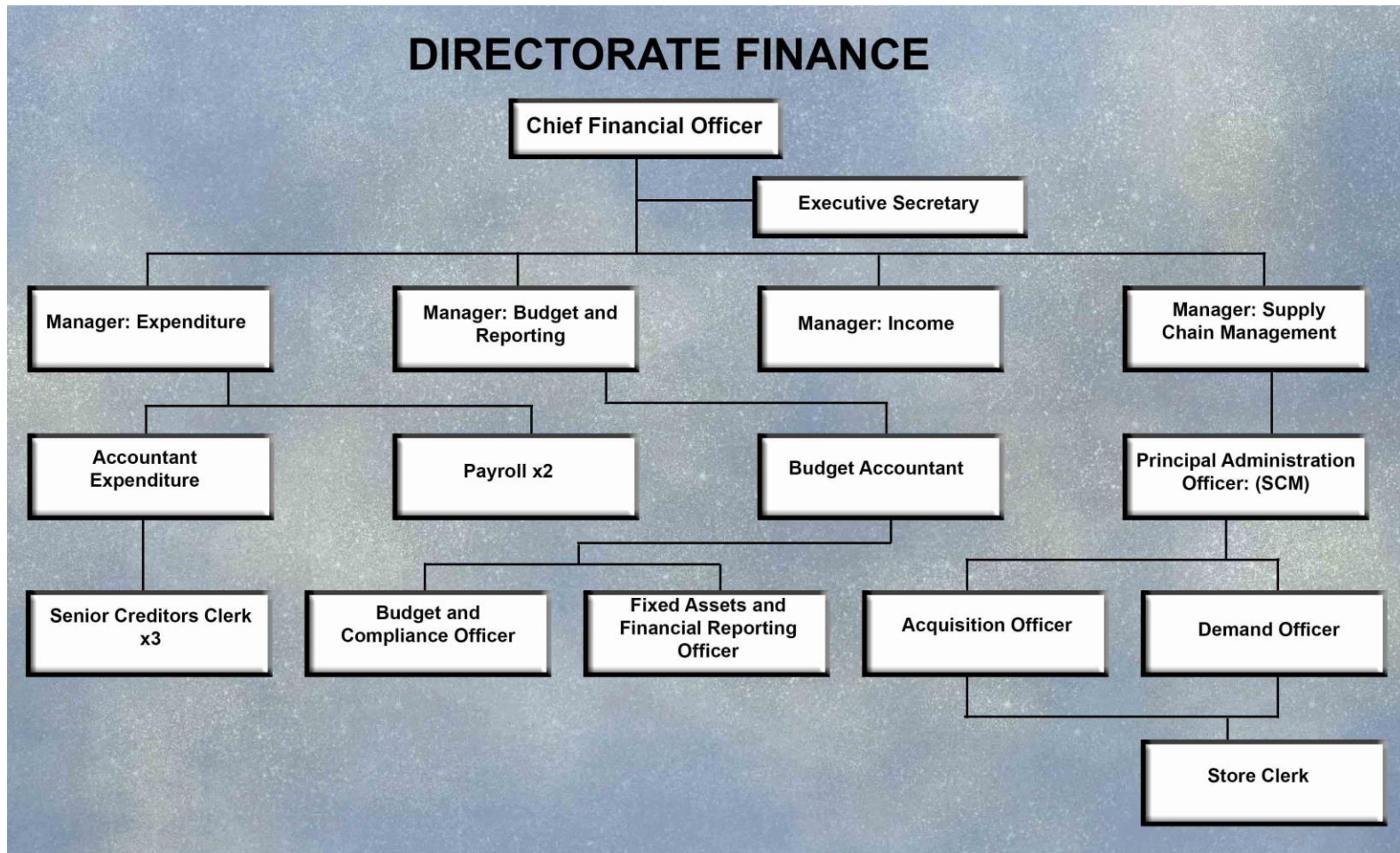
Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														4. Awaiting the moving of Traffic Section to the Provincial Department		
MM 103 Com 61			Number of speed humps constructed in Arlington	New							5	0	5	1. <b>NOT ACHIEVED</b>	1. 5 2. 0	1. Speed humps constructed in all 4 units 2. 5
													0	2. Copies of reports 3. Targets never achieved due to lack of motivation of staff. 4. Awaiting the moving of Traffic Section to the Provincial Department		
MM 104 Com		Develop/Review a Disaster Management Plan	Number of Disaster Management plans reviewed								1	0	1 0	1. <b>NOT ACHIEVED</b> 2. –	1. 1 2. 0	1. Develop/Review a Disaster Management Plan

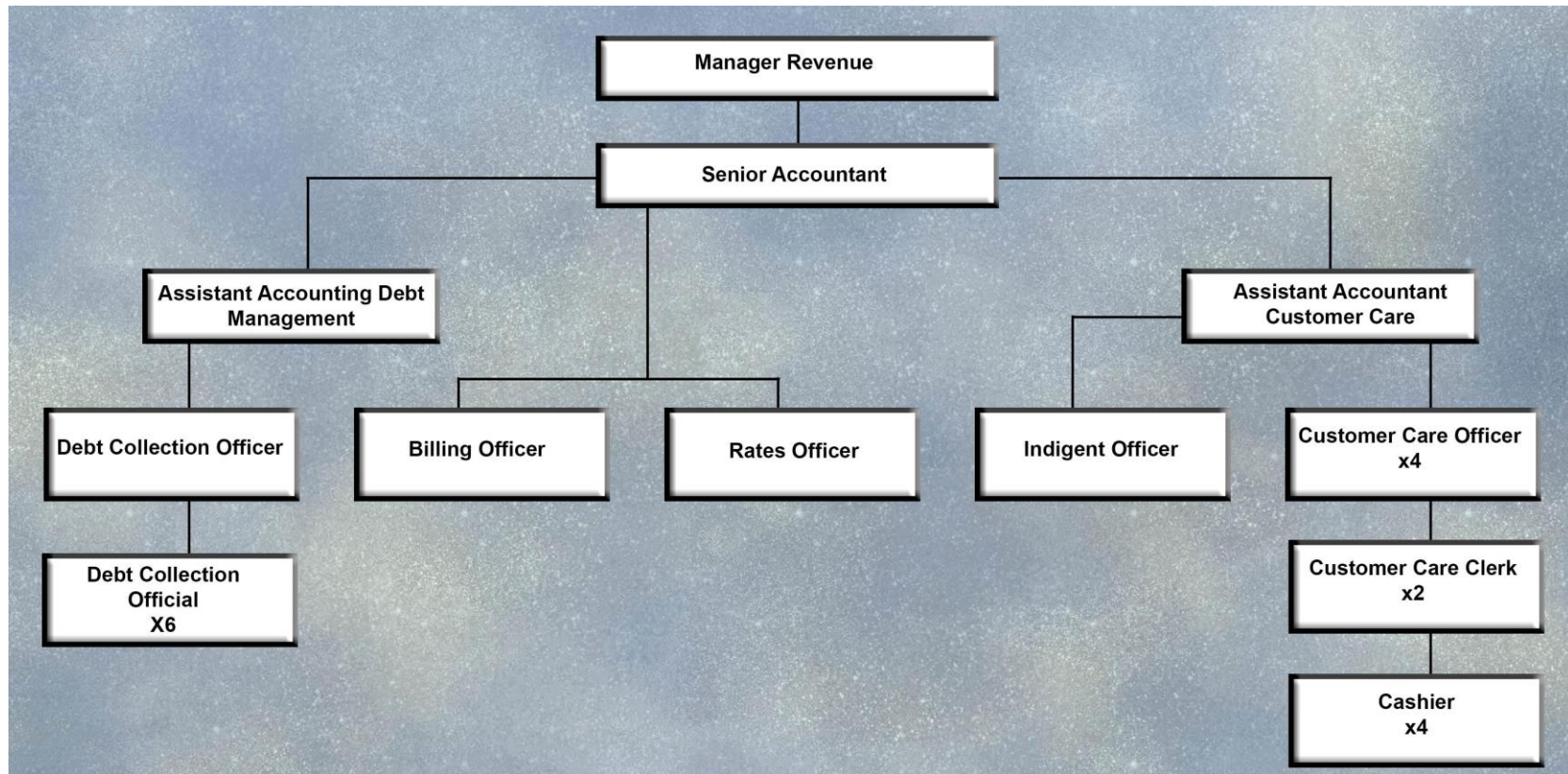
Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performan ce Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actu al	Oct-Dec 2017	Actu al	Jan-March 2018	Actu al	April-June 2018	Actu al			Annual Actual	1. Target 2. Actual
62														3. Due to financial constraints a service provider could not be appointed.  4. The assistance from CoGTA was obtained and a plan will be compiled in co-operation with the District Municipality		2. 1



## Component G: Financial Management

Figure / Table 3.64: Organogram





## MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVELS: Regulation 14 (4)(a-f) Report 2016/2017

Total Number of Financial officials employed	Total Number of Financial officials whose competency assessments have been completed	Total number of Supply Chain Management officials employed	Total Number of Supply Chain Management officials whose competency assessments have been completed	Total number of financial officials and Supply Chain Management officials that meet the prescribed competency levels	Total number of Financial Officials and Supply Chain Management officials whose Performance Agreements comply with Regulation 16
30	12	3	1	13	Only 1 post required a Performance agreement and the employee's competency assessment was already successfully completed.

## Financial Viability & Management

<b>IDP Priority 6:</b>	Institution Building
<b>Strategic Objective:</b>	To monitor, evaluate and improve the financial viability of the Nketoana local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>100% of the municipality's capital budget actually spent on capital projects by the closing of the 2013/14 financial year;</li> <li>Not exceeding the operating budget</li> <li>No unauthorized, fruitless, irregular, wasteful or fruitless expenditure by the closing of the 2013/14 financial year</li> <li>2% of a municipality's budget actually spent on implementing its workplace skills plan (Target of 2% of the operating budget include formal skills training to staff and Councilors, learnerships and bursaries to members of the public); and</li> <li>financial viability as expressed by the following ratios: <ol style="list-style-type: none"> <li>Debt coverage</li> <li>Outstanding service debtors to revenue</li> <li>Cost coverage</li> </ol> </li> </ul>
<b>Vote:</b>	Finance and Admin
<b>Sun-function:</b>	Finance

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Municipal Financial Viability and Management</b>
<b>IDP Priority:</b>	<b>Institution Building</b>
<b>Vote/Function:</b>	<b>Income &amp; Revenue Enhancement</b>
<b>Directorate:</b>	<b>Financial Services</b>

Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measur em ent		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual			1. Target	1. Objective
													Annual Actual		2. Actual	2. Target
	To monitor, evaluate	Review of the Revenue	Number of Revenue Enhancem	1						1	1	1		1. 1	1. To monitor, evaluate	

Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measur ement		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual			Annual Actual	1. Target  2. Actual
M M 39  Fi n 8	and improve the financial viability of the Nketoana local municipality as measured in terms of the key indicators of the Municipal Planning and Performance Management Regulations, 2001	Enhancement Strategy	ent Strategies reviewed										1	1. ACHIEVED  2. Copy of the Document  3. –  4. -	2. 1	and improve the financial viability of the Nketoana local municipality as measured in terms of the key indicators of the Municipal Planning and Performance.  2. 1
M M 40  Fi n 9		Value of debtors outstanding by the closing of the financial year	Amount of arrears at the closing of the FY	R450 Million								R250 million	R250 million			

Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measur em ent		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual			Annual Actual	1. Target  2. Actual
M M 41  Fi n 10		Update of indigent register	Number of Indigent registers updated	1							1	1 register, 6 366 beneficiaries	1. <b>ACHIEVE D</b>  2. Copy of the register	1. 1  2. 1	1. Update of indigent register  2. 1	
												1 register, 6 366 beneficiaries	3. – 4. -			
M M 42  Fi n 11		Review of the credit control and debt collection policy	Number of policies reviewed	1							1	1	1. <b>ACHIEVE D</b>  2. Copy of the policy	1. 1  2. 1	1. Review of the credit control and debt collection policy  2. 1	
												1	3. – 4. -			
M M 43  Fi n 12		Financial Viability, as measured in terms of Regulation 10 of the Planning and Performance Management	Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants)	New							1 - 3 Months	1 - 3 Months				



Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measur em ent		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual			Annual Actual	1. Target  2. Actual
		Regulation s, 2001														
MM 44  Fin 13			Current Ratio  Current  Asset/ Current Liabilities	New								1.5 - 2:1		1.5 - 2:1		
MM 45  Fin 14			Outstandin g service debtors to revenue: Collection rate	New								95%		95%		
MM 46  Fin 15			Bad Debts Written-off as % of Provision for Bad Debt	New								100%		100%		

Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Performa nce Feedback	2016/20 17	2018/2019
	Objective	Indicator	Unit of measurem ent		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual	Annual Actual	2. Evidence	1. Target  2. Actual	1. Objective  2. Target
														3. Reason for Deviation		
M M 47  Fi n 16		Ensure regular billings (before or on the 25th of each month) (according to Revenue Collection policy)	Date on which billings are done each month	25th of each month	25th of each month	25th of each month	25th of each month	25th of each month	25th of each month	25th of each month	25th of each month	25th of each month	1. <b>ACHIEVE D</b>	1. 25 <sup>th</sup> of each month  2. 25 <sup>th</sup> of each month	1. Ensure regular billings (before or on the 25th of each month) (according to Revenue Collection policy  2. 25th of each month	
												25th of each month	2. Copies of accounts of each month  3. –  4. –			
M M 48  Fi n 17		Amount of revenue collected per month	Amount collected	R5 million per month billing  (75% collectio n)	R5 million per month collect ed	7 054 5 87	R5 million per month collect ed	5 968 2 36	R5 million per month collect ed	6 524 9 16	R5 million per month collect ed	6 780 1 58	R5million per month collected  60 000 000	1. <b>ACHIEVE D</b>	1. 5 million per month,  60 000 000	1. Amount of revenue collected per month  2. 6 000 000 per month
						4 245 7 95		4 907 1 16		4 421 9 97		7 429 6 88	2. Monthly Income reports	2. 78 600 423		
						8 939 5 67		5 578 442		6 780 1 58		90 786 826	3. –  4. –			
M M 49		Collection of grants in terms of the allocation in DoRA	Percentage of grants received	100%		100%	100%	100%	100%	100%	100%	100%	100%	1. <b>ACHIEVE D</b>	1. 100%	1. Collection of grants in terms of the allocation in DoRA
													100%	2. Copy of report	2. 100%	

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
Fin 18														3.- 4.-		2. 100%
MM 50  Fin 19		Revenue Report	Number of revenue reports	12	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b> 2. Copies of the report	1. 12 2. 12	1. Revenue Report 2. 12
													12			

<b>Key Performance Area:</b>	<b>Municipal Financial Viability and Management</b>
<b>IDP Priority:</b>	<b>Institution Building</b>
<b>Vote/Function:</b>	<b>Expenditure</b>
<b>Directorate:</b>	<b>Financial Services</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual	Annual Actual		1. Target 2.Actual	1.Objective 2. Target
MM51 Fin 20			Net Debtors Days	New							30 days		30 days			
MM52 Fin 21			Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	New							6-8%		6-8%			
MM53 Fin 22			Debt (Total Borrowings) / Revenue	New							45%		45%			

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual	Annual Actual	2. Evidence	1. Target 2. Actual	1. Objective 2. Target
MM 54 Fin 23		Review of key financial management policies	Number of financial management policies reviewed	8							8	8	8	1. <b>ACHIEVED</b>	1. 8 2. 8	1. Review of key financial management policies
													8	2. Copies of policies 3.- 4. -		
MM 55 Fin 24		Reconcile the VAT Control Account	Number of reconciliations	12	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b>	1. 12 2. 12	1. Reconcile the VAT Control Account
													12	2. Copies of policies 3.- 4. -		
MM 56 Fin 25		Submission of VAT returns to SARS	Number of returns before or on the 25th of each month for the previous month	12	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b>	1. 12 2. 12	1. Submission of VAT
													12	2. Copies of returns 3.- 4. -		
		Expenditure	Clearance and reconciliation	12	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b>	1. 12	1. Clearance and reconciliation

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual	Annual Actual	2. Evidence	1. Target	1. Objective
MM 57 Fin 26			of the salary suspense account										12	2. Copies of document 3.- 4. –	2. 12	of the salary suspense account
													12			
MM 58 Fin 27		Suspense Accounts	Monthly Clearance of Suspense Accounts	New	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b> 2. Copies of documents 3.- 4. –	1. 12 2. 12	1. Monthly Clearance of Suspense Accounts
													12			
MM 59 Fin 28		Bank reconciliation	Number of bank reconciliations	12	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b> 2. Copies of document 3. - 4. –	1. 12 2. 12	1. Bank reconciliation 2. 12
													12			
MM 60		Reconciliation of loans	Number of reconciliations	12	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b> 2. Copies of document	1. 12 2. 12	1. Reconciliation of loans 2. 12
													12			



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual				
													Annual Actual		2. Evidence	3. Reason for Deviation
Fin 29													3.  4. –			

<b>Key Performance Area:</b>	<b>Municipal Financial Viability and Management</b>
<b>IDP Priority:</b>	<b>Institution Building</b>
<b>Vote/Function:</b>	<b>Asset Management</b>
<b>Directorate:</b>	<b>Financial Services</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
													Annual Actual			
MM 61  Fin 30  Cor  Com 29  Tech 8		Verification of movable and immovable assets	1									1  				

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
Com 22		Review and control Logbooks for all vehicles	logbooks. Targets and actuals defined in terms of the number of reports		s (1 per month)		s (1 per month)		s (1 per month)		s (1 per month)		3x per quarter	3. Although all vehicles have log books, no control and analysis are done to determine fuel consumption etc		Council Fleet by:
													12 reports (1 per month, 3x per quarter)	4. A dedicated staff member must be allocated to execute the controls. A proper procedure and SOP must be developed to inform this function		Review and control Logbooks for all vehicles  2. 12
MM 64		Installation of tracking system in all municipal vehicles	Number of vehicles equipped with tracking systems	New							20	0	20	1. NOT ACHIEVED	1. 20 2. 20	1. – 2. –
Com 23														20		

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
													Annual Actual			
													4. A manual system will be implemented to ensure proper control of the fleet.			

<b>Key Performance Area:</b>	<b>Municipal Financial Viability and Management</b>
<b>IDP Priority:</b>	<b>Institutional Building</b>
<b>Vote/Function:</b>	<b>Supply Chain Management</b>
<b>Directorate:</b>	<b>Financial Services</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
<b>MM 65</b>  <b>Fin 32</b>		Supply Chain Management reports	Number of SCM reports to Council	12	3	3	3	3	3	3	3	3	12  12	1. <b>ACHIEVED</b>  2. Copies of report 3. – 4. –	1. 12 2. 12	1. Supply Chain Management reports 2. 12
<b>MM 66</b>  <b>Fin 33</b>		Committees:  Bid Adjudication, Bid, Evaluation, Bid Specification	Period lapsed after closing of a bid to awarding of the tender	60 days	60 days	60 days	60 days	60 days	60 days	60 days	60 days	60 days	60 days  60 days	1. <b>ACHIEVED</b>  2. Minutes and attendance registers 3. – 4. –	1. 60 2. 60	1. Bid Adjudication, Bid, Evaluation, Bid Specification 2. 60

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 65  Fin 32		Supply Chain Management reports	Number of SCM reports to Council	12	3	3	3	3	3	3	3	3	12  12	1. <b>ACHIEVED</b>  2. Copies of report 3. – 4. –	1. 12 2. 12	1. Supply Chain Management reports 2. 12
MM 161  Fin 60		Pay all creditors within 30 days	Percentage of creditors paid within 30 days	100%	100%		100%		100%		100%		100%	1. NOT ACHIEVED  3 The payment of creditors is a huge challenge.		
MM 162		Monthly creditor's reconciliation	Number of	12	3	0	3	0	3	0	3	0	12	1. <b>NOT ACHIEVED</b>		

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019				
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual	2. Evidence	3. Reason for Deviation	4. Remedial Action	1. Target	2. Actual	1. Objective	2. Target
MM 65		Supply Chain Management reports	Number of SCM reports to Council	12	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b>	1. 12 2. 12	1. Supply Chain Management reports 2. 12				
Fin 32													2. Copies of report							
Fin 61													3. – 4. – 2. – 3. Lack of capacity in the section to perform this action 4. This matter should be elevated to the highest priority as it can resulted again in a negative audit outcome for the municipality.							



<b>Key Performance Area:</b>	<b>Municipal Financial Viability and Management</b>
<b>IDP Priority:</b>	<b>Institutional Building</b>
<b>Vote/Function:</b>	<b>Budget &amp; Treasury Reporting</b>
<b>Directorate:</b>	<b>Financial Services</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual			1. Target  2. Actual	1. Objective  2. Target
													Annual Actual			
MM 67  Fin 34  Cor 24  Com 25  Tech 9	Generic Goal  To compile a consolidated annual Budget	To ensure that the department's budget is reviewed annually and that budget inputs are provided to the CFO according to budget schedule requirements	Review of the department's budget	1							1	1	1  1	1.  ACHIEVED  2. Copy of the Budget	1. 1  2. 1	1. To ensure that the department's budget is reviewed  2. 1
MM 68		100% of the municipality's capital								100 %		100%				

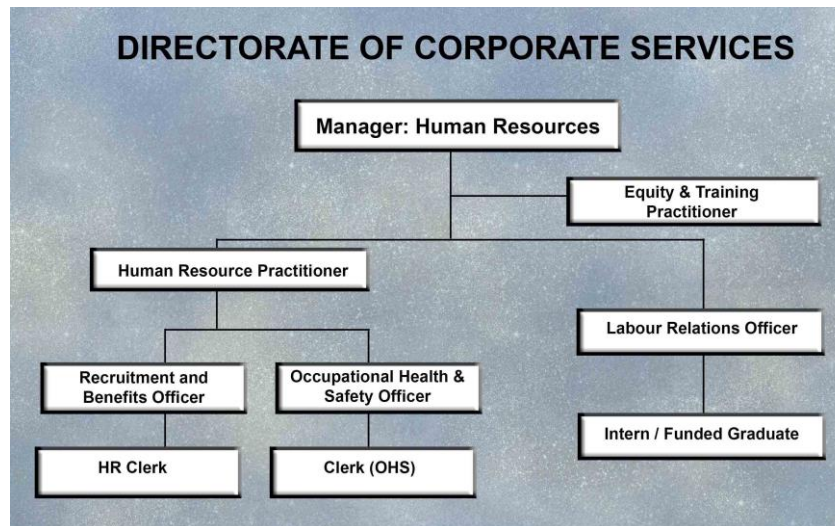
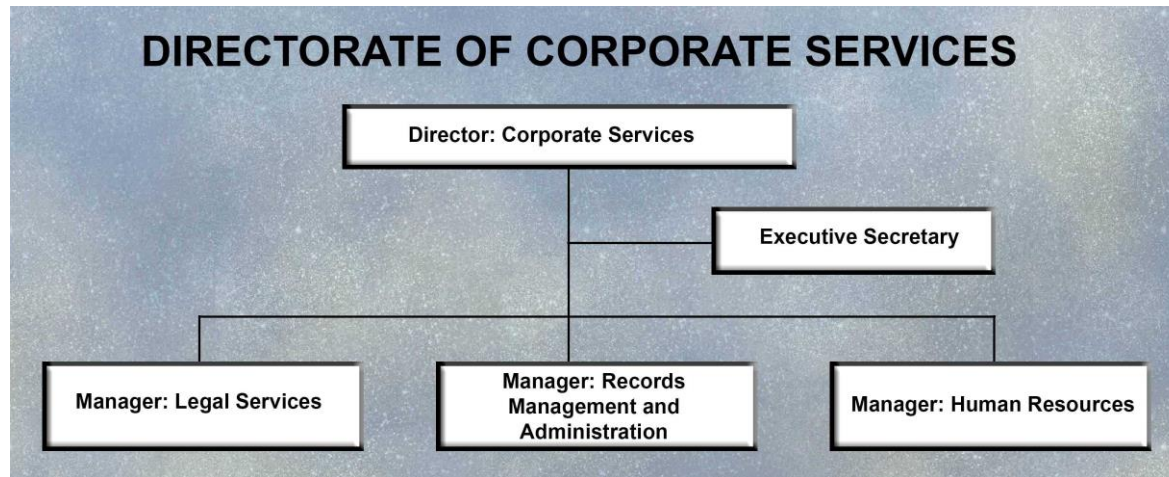
Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual			Annual Actual	1. Target  2. Actual
Fin 35 Cor 25 Com 26 Tech 10		budget actually spent on capital projects														
MM 69 Fin 36 Cor 26 Com 27 Tech 11		No over-expenditure on the operating budget	Percentage of the operating budget spent	Over-expenditure R47 147 344								90-100 %		90-100%		
MM 70 Fin 37 Cor 27 Com 28 Tech 12		No unauthorized , irregular, fruitless or wasteful expenditure		R21,430,022								R 0	R47 147 344			

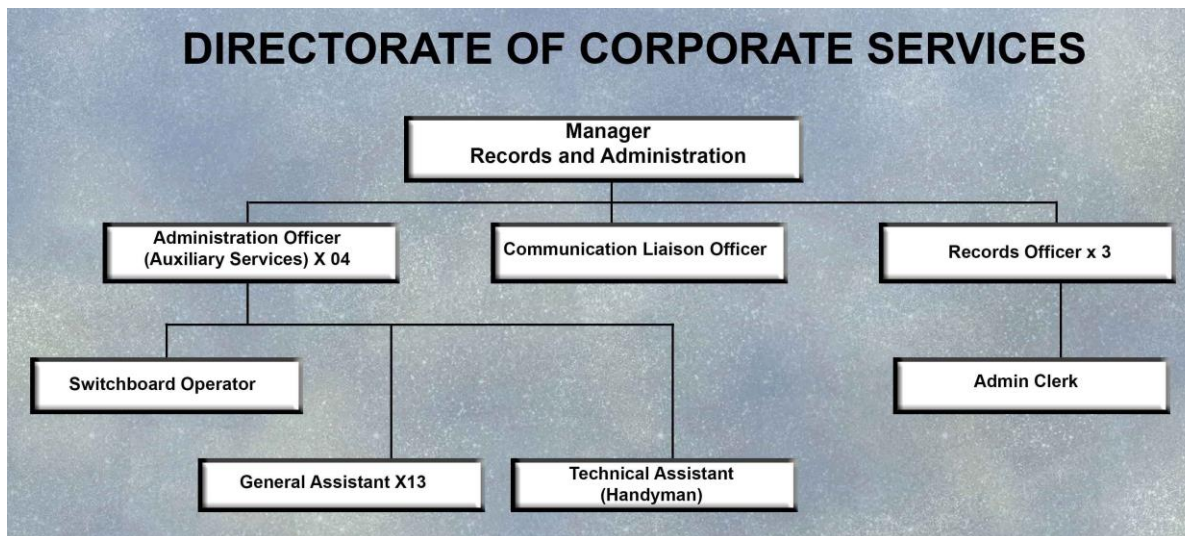
Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017  1. Target  2. Actual	2018/2019  1. Objective  2. Target
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual				
MM 73  Fin 39		Monthly budget reports compiled and submitted in terms of section 71 of the MFMA	Number of monthly budget reports	1 per month	3	3	3	3	3	3	3	3	12	1. <b>ACHIEVED</b>  2. Copy of the reports  3. –  4. –	1. 12  2. 12	1. Monthly budget reports compiled and submitted in terms of section 71 of the MFMA  2. 12
													12			
MM 71  Fin 40	Timely compilation and approval of the annual budget	Annual budget approved by May	1								1	1	1	1. <b>ACHIEVED</b>  2. Copy of the document as well as the Council resolution	1. 1  2. 1	1. Timely compilation and approval of the annual budget  2.1 1
													1			
MM 74  Fin 41		Timely compilation and approval of the annual adjustment budget	Annual adjustment budget approved by February	1							1	1	1	1. <b>ACHIEVED</b>  2. Copy of the document	1. 1  2. 1	1. 1. Timely compilation and approval of the annual budget
													1			

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual			Annual Actual	1. Target 2. Actual
														and Council resolution  3. – 4. –		2. 1
MM 75  Fin 42		Investment reconciliation report	Number of reports	12	3	3	3	3	3	3	3	3	12  12	1. ACHIEVED  2. Copy of reports 3. – 4. -	1. 12 2. 12	1.

## Component H: Institutional Development

Figure / Table 3.65: Organogram





## Institutional Transformation and Organisational Development

<b>IDP Priority 6:</b>	Institution Building
<b>Strategic Objective:</b>	To facilitate institutional transformation and development in the Nketoana local municipality
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>• The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;</li> <li>• Annual review of the organizational structure; and</li> <li>• Skills development targets in the municipal Skills Development Plan</li> <li>• Compilation of an HR Strategy and an Integrated Institutional Plan</li> <li>• Wellness center for employees</li> </ul>
<b>Vote:</b>	Finance and Admin
<b>Sun-function:</b>	Human Resources and Other Admin

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Municipal Transformation &amp; Institutional Development</b>
<b>Directorate:</b>	<b>Community Services</b>

Ref No	Key Performance Indicator			Baseline	Targets								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July - Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April - June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
													Annual Actual			
<b>MM 17</b>  <b>Com 17</b>	To ensure access to quality Law enforcement and safety in the Nketoana municipal area	Effective use and control of Council Fleet by:  Review of the Fleet Management Policy	Number of Fleet management Policies reviewed	New							1	0	1  0	1. <b>NOT ACHIEVED</b>  2. –  3. The policy was developed. Approval of Council is awaited.  4. The draft policy will be presented to Council before the end of the 2 <sup>nd</sup> quarter of the 2018/2019 financial year.	1. 1  2. 0	1. To ensure access to quality Law enforcement and safety in the Nketoana municipal area.  2. 1



<b>Key Performance Area:</b>	<b>Municipal Transformation &amp; Institutional Development</b>
<b>IDP Priority:</b>	
<b>Vote/Function:</b>	<b>Human Resource Management</b>
<b>Directorate:</b>	<b>Corporate Services</b>

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2.Target
MM 18  Cor 2	To facilitate institutional transformation and development in the Nketoana local municipality	Number of people from employment equity target groups employed in the three highest levels of management	Compliance with the targets in the Employment Equity Plan	Please consult the EQP, available from the Corporate Services Manager	As required	As required	As required	As required	As required	As required	As required	4	Refer to targets from the EQP for 2016/17 below  4	1. ACHIEVED  2. Appointment letters  3. -  4. -	1. As required from employment equity target groups employed in the three highest levels of management.  2. 4  MM: Male/Black	1. To facilitate institutional transformation and development in the Nketoana local municipality.  1. As required

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2.Target
														Director :  Corporate:  Male / Black  Director Community: Male / Black  CFO: Male / Black		
Baseline: Senior Managers: AF: 1; WF: 1; Professional Qualified: AF: 1, WM: 1, WF: 1; Skilled Technical and Academically Qualified Workers: AF: 3, WM: 2, WF: 3, CM: 2; CF: 3, PWD: 2; Semi Skilled: AF: 4, WM: 3, WF: 4, CM: 3, CF: 3; Unskilled and defined decisions: AF: 9, WM: 8, WF 9, CM 3. Targets are expressed in annual numeric, and not broken down into quarterly targets																
MM 19  Cor 3		A HR Strategy developed	Number of HR Strategies developed and approved	New							1	0	1  0	1. NOT ACHIEVE D  2. A draft document was developed.	1. 1  2. 0	1. To facilitate institutiona l transforma tion and developme nt in the Nketoana local

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2.Target
													3. The document should be presented to the LLF for buy-in from Labour and then to Council for approval.  4. The document should be approved by Council by the end of the 3 <sup>rd</sup> quarter of the 2018/2019 financial year.		municipality.  2. 1	
MM 20  Cor 4		465 officials and councilors to be trained	Number of people trained	132							145	17	145 17	1. NOT ACHIEVED 2. – 3. Due to financial constraints of the municipality	1. 145 2. 17	1. To facilitate institutional transformation and development in the Nketoana local

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2.Target
													y, the target of 145 could not be reached.  4. In the coming		municipalit y.  2. 145	
MM 21  Cor 5		1 employee satisfactio n survey conducted	Number of employee satisfaction surveys conducted						1	0			1  0   4. The assistance of SALGA was obtained and in collaborati on with	1. 1 2. 0	1. To facilitate institutiona l transforma tion and developme nt in the Nketoana local municipali ty.  2. 1	

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2.Target
														CoGTA the survey will be done in house within the 2018/2019 financial year.		
MM 22  Cor 6		1 Review of the Skills Developm ent Plan	Number of Skills Developm ent Plans reviewed annually						1	1			1  1	1. <b>ACHIEVE D</b>  2. Copy of the Skills Developm ent Plan as submitted to Departmen t of Labour  3.- 4.-	1. 1  2. 1	1. To facilitate institutiona l transforma tion and developme nt in the Nketoana local municipali ty  2. 1
MM 23  Cor 7		Manage records effectively and efficiently	System migration from manual to electronic recordkeep ing								1	0	1  0	1. <b>NOT ACHIEVE D</b>  2. –  3. There was no	1. 1  2. 0	1. . . . To facilitate institutiona l transforma tion and developme nt in the

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measur ement		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2.Target
													funds available to obtain the electronic software for the migration.  4. Seen in the light of the financial situation of the municipalit y, the manual system will be held up until such time the migration can be afforded.		Nketoana local.  2. 1	
MM 24  Cor 8		Employee medical surveillanc e programm e	Number of employee medical surveillanc e programm es conducted				1	1			1	1	2  2	1. ACHIEVE D 2. List of visits of employees who were examined there.	1. 2 2. 2	1. . . . To facilitate institutiona l transforma tion and developme nt in the Nketoana local

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2.Target
													3. Although no service provider could be appointed, the employees were cared by interventio n of the Municipal Clinic.  4. The arrangeme nt with the Clinic will kept to ensure that the employees who are exposed to dangerous circumstan ces are properly cared for.		2. 2	
	To plan, organize	A successful	Number of events	1							1	0	1		1. 1	1. To plan, organize



Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2.Target
MM 25  Cor 9	and execute an Employee Wellness Day event for all employees	Employee Wellness Event for all employees of Nketoana	successfull y planned, organized and executed										1	1. NOT ACHIEVE D  2. -  3. The event could not be arranged as no funds were available.  4. Assistance was obtained and in collaborati on with SANLAM the event will be arranged in the 2018/2019 financial year.	2. 0	and execute an Employee Wellness Day event for all employees  2. 1

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2.Target
MM 26 Cor 10 Co m 19 Fin 2 Tec h 2		Annual review of the organizati onal structure	Number of organizatio nal structures reviewed	1								1 1	1. ACHIEVE D 2. Copy of the Staff structure as well as the Council resolution. 3. - 4. -	1. 1 2. 1	1. Annual review of the organizatio nal structure. 2. 1	
MM 27 Cor 11 Co m 20	Generic Goal  To ensure annual review of the municipal structure and reduction of the vacancy rate to improve the municipalit	To ensure annual review of the departmen t's structure and reduction of the vacancy rate to improve the departmen t's capacity to give practical	Availability of an appropriat e and well populated organizatio nal structure	As require d	As require d	No posts were require d to be filled.	As require d	No posts were require d to be filled	As require d	No posts were require d to be filled	As require d	4  As required	1. ACHIEVE D 2. 4 MM: Male/Black Director : Corporate: Male / Black	1. As required 2. As required	1. To ensure annual review of the municipal structure and reduction of the vacancy rate to improve the municipalit y's capacity to give practical	

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2.Target
Fin 3  Tech 3	y/s capacity to give practical effect to its mandate	effect to its mandate											Director Community: Male / Black  CFO: Male / Black  3. – 4. -		effect to its man.  2. As required	
MM 28		Upgrading of municipal	Number of projects completed	New							1	0	1		1. 1	1. Upgrading of

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2.Target
Cor 12		offices in Leratswan a	according to quality and quantity specificatio ns									0	1. <b>NOT ACHIEVE D</b>  2. –  3. This was a project to be funded out of own funds and the financial constraints of the municipalit y did not allowed it.  4. The project will be carried over to the 2018/2019 financial year.	2. 0	municipal offices in Leratswan a.  2. 1	

Ref No	Key Performance Indicator			Baseli ne	Targets 2017/2018								Annual Target	1. Performa nce Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurem ent		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2.Target
MM 29  Cor 13  Com 21  Fin 4  Tec h 4	Generic Goal  To undertake capacity building in terms of the Skills Developm ent Plan	Ensure training and developm ent according to the municipal Skills Developm ent Plan	Training and developme nt needs for respective departmen t provided	New	Accordi ng to targets in the SDP	Accordi ng to targets in the SDP	Accordi ng to targets in the SDP	Accordi ng to targets in the SDP	Accordi ng to targets in the SDP	Accordi ng to targets in the SDP	Accordi ng to targets in the SDP	Accordi ng to targets in the SDP  Accordi ng to targets in the SDP	1. <b>ACHIEVE D</b>  2. List of employees attended training, as well as detail on courses  3.  4.	1. According to targets in the SDP  2. According to targets in the SDP	1. To undertake capacity building in terms of the Skills Developm ent Plan  2. According to targets in the SDP	

<b>Key Performance Area:</b>	<b>Municipal Transformation &amp; Institutional Development</b>
<b>IDP Priority:</b>	<b>Institution Building</b>
<b>Vote/Function:</b>	<b>Batho Pele</b>
<b>Directorate:</b>	<b>Corporate Services</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019		
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual	2. Evidence	3. Reason for Deviation	4. Remedial Action	1. Target 2. Actual	1. Objective 2. Target
MM30 Cor 14 Comm Fin Tech	To develop/review Service Standards for Nketoana for services rendered per Department	Service Standards per Department as approved by Council	Number of Departments with approved Service Standards	New			4	4					4	1. ACHIEVED  2. Copies of the Service Standards of 4 departments  3. - 4. -		NEW	1. To develop/review Service Standards for Nketoana for services rendered per Department  2. 4	
													4					
	To develop	Developed/ Review	Number of	New			1	1					1			NEW	1. Developed/	

Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Perform ance Feedba ck  2. Evidenc e  3. Reason for Deviation  4. Remedi al Action	2016/2017	2018/2019
	Objectiv e	Indicator	Unit of measure ment		July- Sept 2017	Actual	Oct- Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual			Annual Actual	1. Target  2. Actual
M M 31  Co r 15	a Service Charter derived from the Service Standards	Service Charter for Nketoana	Service Charters developed for Nketoana										1    1	1. <b>ACHIEVED</b>  2. Copy of the Service Charter  3.-  4.-		Review Service Charter for Nketoana  2. 1
M M 32  Co r 16	Identificat ion of all staff member by providing a name tag to each	Number of staff members with name tags									400	400	400   400	1. <b>ACHIEVED</b>  2. List of employees who received name tags  3.-  4. -	1. 400  2. 400	1. Identificatio n of all staff member by providing a name tag to each.  2. 20
M M 33	To ensure a user friendly environm	Clear direction signs to direct users to specific	Number of signs installed in all offices in	New							20	20	20  20	1. <b>ACHIEVED</b>	1. 20  2. 20	1. To ensure a user friendly environmen



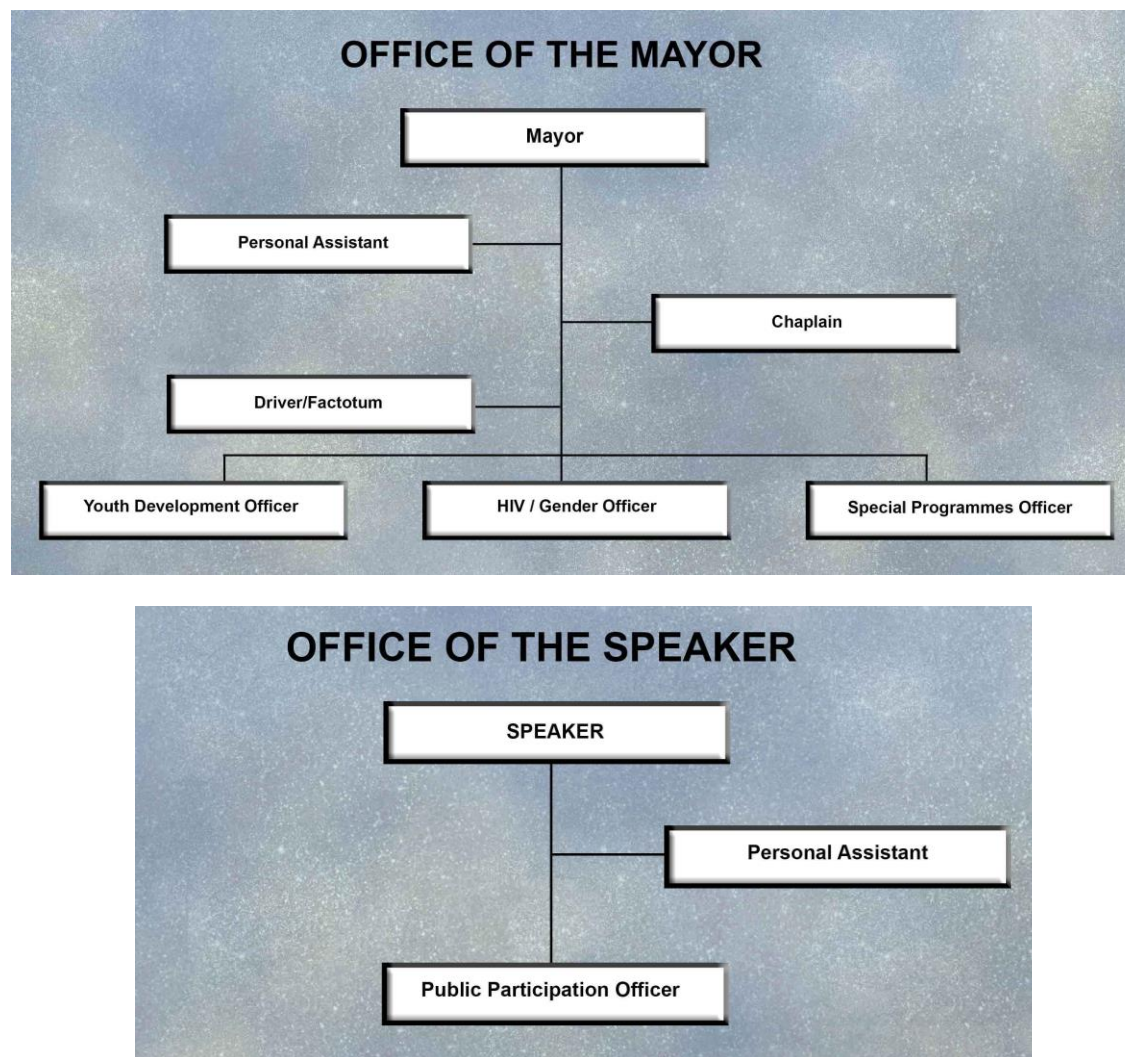
Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
Cor 17	ent in the offices of Nketoana by installing clear direction signage in all buildings	sections in the municipality	Nketoana											2. Photos of the signs  3. –  4. -		t in the offices of Nketoana by installing clear direction signage in all buildings.  2. 20
MM 34 Cor 18 Comm Fin 5 Tech 5	Generic Goal  Ensure proper record keeping	All documentation properly filed and administered	Availability of records as and when required	Continuously	Continuously	Continuously	Continuously	Continuously	Continuously	Continuously	Continuously	Continuously	Continuously  Continuously	1. ACHIEVED  2. Copy of the registration system  3. –  4. -	1. Continuously  2. Continuously	1. Generic Goal  Ensure proper record keeping  2. Continuously

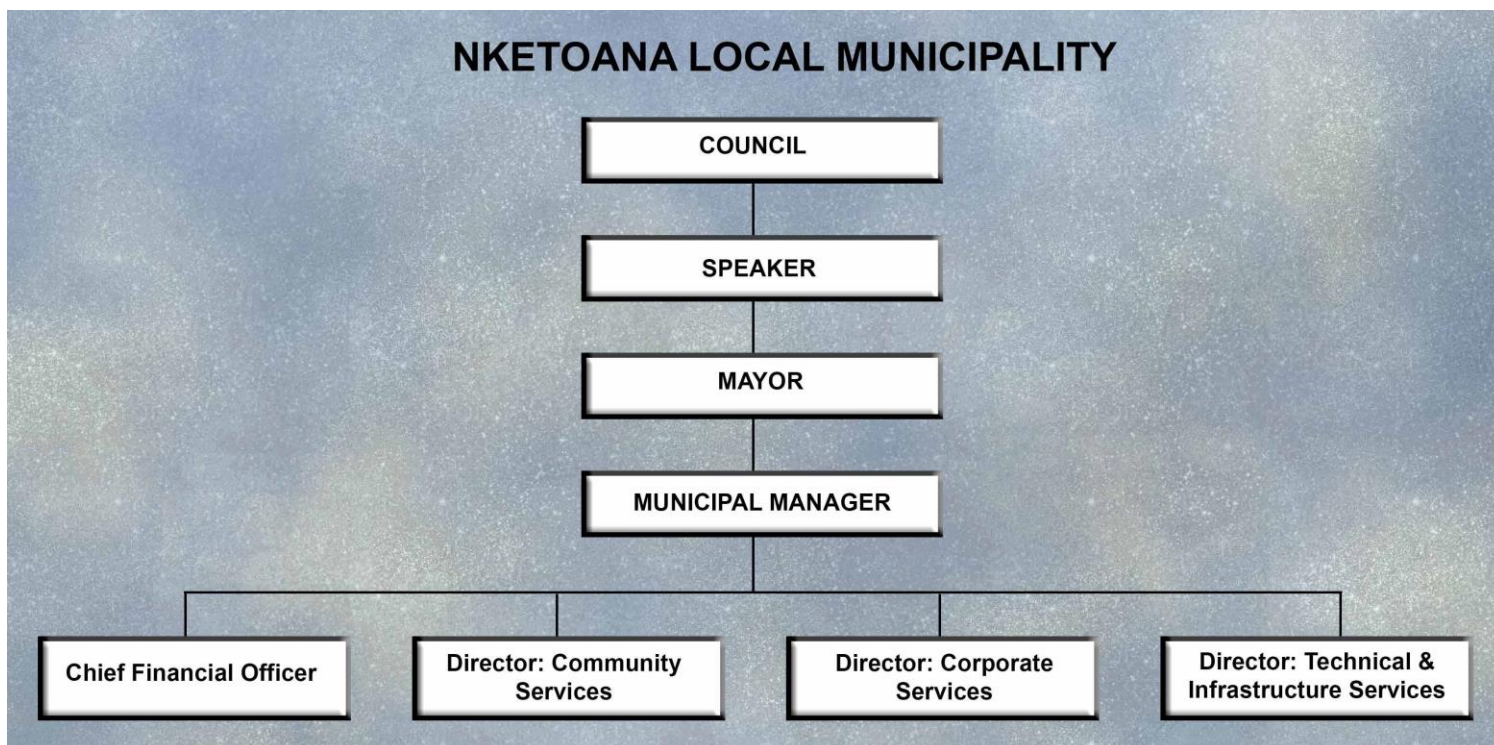
<b>Key Performance Area:</b>	<b>Municipal Transformation &amp; Institutional Development</b>
<b>IDP Priority:</b>	<b>Institution Building</b>
<b>Vote/Function:</b>	<b>Contract Management</b>
<b>Directorate:</b>	<b>Corporate Services</b>

Ref No	Key Performance Indicator			Baseline	Targets								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 35 Cor 19	Ensure sound contract management	Compilation of a register to record contract profiles	Number of registers compiled with contract profiles	New					1 register	1 register			1 register  1 register	1. <b>ACHIEVED</b> 2. Copy of the register 3. 4.	NEW	1. Ensure sound contract management 2. 1 register
MM 36 Cor 20		Compile a Monthly report on expiring dates of all contracts	1 monthly report	New	3	3	3	3	3	3	3	3	12  12	1. <b>ACHIEVED</b> 2. Copies of the reports 3. - 3. -	NEW	1. Ensure sound contract management 2. 12

## Component I: Governance

Figure / Table 3.66: Organogram





## Good Governance & Public Participation

<b>IDP Priority 6:</b>	Institution Building
<b>Strategic Objective:</b>	To ensure good governance and public participation in the Nketoana local municipality
<b>Outcomes:</b>	<ul style="list-style-type: none"> <li>To ensure that the communities of Nketoana have access to structures and processes that promote engagement of the population in decisions that affect their access to basic services.</li> <li>A proper functioning Council that determine the policy framework for development for the municipality;</li> <li>Involving all sections of the Nketoana communities in the affairs of the municipality;</li> <li>Arrangements to facilitate adequate accountability, communication and oversight by Council over the affairs of Management.</li> <li>Mainstreaming of HIV/Aids, and attempts to create awareness in this regard, is an important element of the municipality's agenda.</li> <li>Promote the interests of transversal groups</li> <li>Consolidated attempts to improve the Auditor-General's opinion regarding the municipality's annual report; and</li> <li>Compliance with legislation impacting on local government.</li> </ul>
<b>Vote:</b>	<p>Executive and Council</p> <p>Finance and Admin</p>

**Actual performance against SDBIP targets set for the 2017/18 Financial Year and comparative assessment of targets with targets set for 2016/17 and 2018/19**

<b>Key Performance Area:</b>	<b>Good Governance and Public Participation</b>
<b>IDP Priority:</b>	<b>Institution Building</b>
<b>Vote/Function:</b>	<b>Good Governance and Public Participation</b>

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 136 Cor 29 Com 63 Fin 44 Tech 44	Generic Goal  To ensure the effective management of the municipality	Attend all scheduled management meetings	Scheduled management meetings	New	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As  Scheduled  As scheduled	1. ACHIEVED  2. Attendance registers, minutes  3. -  4. -	1. As scheduled  2. As scheduled	1. Generic Goal  To ensure the effective management of the municipality.  Attend all scheduled management meetings  2. As scheduled
MM 137 Cor 30	Generic Goal  To ensure the effective management of the	Attend monthly Section 79 meetings	Monthly Section 79 meetings	12	3	3	3	3	3	3	3	3	12  12	1. ACHIEVED  2. Attendance registers, minutes	1. 12 2. 12	1. Generic Goal  To ensure the effective management of

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
Com 64 Fin 45 Tech 45	municipality													3.- 4.-		the municipality  2. Attend monthly Section 79 meetings  12
MM 138 Cor 31 Com 65 Fin 46 Tech 46		Attend all scheduled Council meetings	Scheduled Council meetings	New	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled  As scheduled	1. A1CHIEVED 2. Attendance registers, minutes 3. - 4. -	1. As scheduled 2. As scheduled	1. As scheduled 2. As scheduled



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM139 Cor32 Com66 Fin47 Tech47		Attend all scheduled EXCO meetings	Scheduled EXCO meetings	New	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled	As scheduled — As scheduled	1. ACHIEVED 2. Attendance registers 3. 4.	1. As scheduled 2. As scheduled	1. As scheduled 2. As scheduled
MM140 Cor33 Com67	Generic Goal  To ensure proper consultation with the community in line with the requirements of the	Support the Mayor, the Council and the Municipal Manager in ensuring appropriate community	Provide information for community participation sessions	New	When required	When required	When required	When required	When required	When required	When required	When required	When required — When required	1. ACHIEVED 2. Attendance registers 3. 4.	1. When required 2. When required	1. When required 2. When required

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
Fin 48  Tech 48	Constitution, Chapter 4 of the Systems Act and all other relevant policy documents	consultation														
MM 141  Cor 34  Com 68  Fin 49  Tech 49	Generic Goal  To improve the audit opinion about the activities of the municipality	Ensure regulatory management and activities in the businesses of the Department, to enable the Municipality to improve the audit opinion about its affairs	Quality and quantity of audit queries generated	Qualified	Improvement on baseline	Disclaimer	Improvement on baseline	Disclaimer	Improvement on baseline	Disclaimer	Improvement on baseline	Disclaimer	Un – Qualified  ——  Disclaimer	1. NOT ACHIEVED  2.  3. Disclaimer was based on items mostly linked to expenditure  4. Action Plan compiled and commitment required from all involved.	1. Un-Qualified  2. Disclaimer	1. Generic Goal  To improve the audit opinion about the activities of the municipality  2. Un-Qualified

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual	2. Evidence 3. Reason for Deviation 4. Remedial Action	1. Target 2. Actual	1. Objective 2. Target
													Implementation of Action plan to be monitored by Internal Audit			
MM 142 Cor 35 Comm Fin 50 Tech 50	Generic Goal  To provide inputs for the annual report and an oversight report	To keep record of, and inputs required for the timely compilation of the annual and mid-year performance assessment reports	Information provided	New	According to legislative and institutional requirements and deadlines  According to legislative and institutional requirements and deadlines	According to legislative and institutional requirements and deadlines  The 1 <sup>st</sup> Quarter Performance Report could not be compiled without the input of all directors	According to legislative and institutional requirements and deadlines	According to legislative and institutional requirements and deadlines	According to legislative and institutional requirements and deadlines	According to legislative and institutional requirements and deadlines	According to legislative and institutional requirements and deadlines	According to legislative and institutional requirements and deadlines	According to legislative and institutional requirements and deadlines  —  According to legislative and institutional requirements and deadlines	1, <b>ACHIEVED</b> 2. Copy of report  1. 3. — 4. -	1. According to legislative and institutional requirements and deadlines  2. According to legislative and institutional requirements and deadlines	1. According to legislative and institutional requirements and deadlines  2. According to legislative and institutional requirements and deadlines

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 143 Cor 36 Com Fin 51 Tech 51	To ensure effective integrated development planning in the Municipality	Participate in IDP processes/ Meetings	Number of IDP Meetings	1	0	0	0	0	0	0	1	1	1 — 1	1. <b>ACHIEVED</b> 2. Attendance registers 3. – 4. -	1. 1 2. 1	1. To ensure effective integrated development planning in the Municipality  2. 1
MM 144 Cor 37 Com Fin 52		IDP / PMS / Budget road shows	Number of IDP/PMS/ Budget road shows	1	0	0		0			4	4	4 — 4	1. <b>ACHIEVED</b> 2. Attendance registers 3. – 4. -	1. 4 2. 4	1. IDP / PMS / Budget road shows  2. 4

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
Tech 52																
MM 145 Cor 38 Comm Fin 53 Tech 53		Comment on Draft IDP	Written Comments	0	0	0		0			1	1	1 ———— 1	1. ACHIEVED  2. No comments received  3. – 4. -		1. 1 2. 1
MM 146 Cor 39	Generic Goal  Organizational PM system	Participate in SDBIP workshop	Number of workshops	0	0	0		0			1	1	1 ———— 1	1. ACHIEVED  2. Incorporated in Management meeting		

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017  1. Target 2. Actual	2018/2019  1. Objective 2. Target
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual			
Com Fin 54 Tech 54														3. – 4. –		
MM 147 Cor 40 Com Fin 55 Tech 55		Signed Performance Agreements for each Director	Signed Performance agreements for each Director	1	MM 4 Directors	MM 4 Directors							MM 4 Directors ———— — MM 4 Directors	1. <b>ACHIEVED</b> 2. Copies of the agreements 3. – 4. –	1. 5 2. 5	1. Signed Performance Agreements for each Director 2. 5

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 148 Cor 41 Com Fin 56 Tech 56		Evaluation of MM & Directors	Evidence files	0	1	1	1	1	1	1	1	1	4 — 4	1. <b>ACHIEVED</b> 2. POE's available at Manager PMS 3. — 4. -	1. 4 2. 4	1. Evaluation of MM & Directors 2. 4
MM 149 Cor 42		Quarterly, midyear and annual performance reports submitted	Number of reports	4	1	1	1	1	1	1	2	2	6 4 Quarterly reports 1 Mid-Year report Annual Performance	1. <b>ACHIEVED</b> 2. Copies of documents 3. -	1. 6 2. 6	1. 6 4 Quarterly reports 1 Mid-Year report



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017 1. Target 2. Actual	2018/2019 1. Objective 2. Target
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual				
													Annual Actual			
Com 76  Fin 57  Tech 57													nce report  6 4 Quarterly reports 1 Mid-Year report Annual Performance report	4. -		Annual Performance report  2. 6
MM 150  Cor 43	Generic Goal  Individual performance manage	Individual performance agreements developed and signed	Number of agreements per Department	Middle Management  Supervisors	Middle Management  Supervisors		Middle Management  Supervisors		Middle Management  Supervisors	0	Middle Management  Supervisors	0	Middle Management  Supervisors  	1. <b>NOT ACHIEVED</b> 2. 3. Awaiting promulgat	1. Middle Management  Supervisors 2. Middle	1. Individual performance management system

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
Com 77 Fin 58 Tech 58	ment system												Middle Management Supervisors	ion of relevant regulations by COGTA  4. Job descriptions is place	Management Supervisors	2. Middle Management Supervisors
MM 72 Cor 44 Com Fin 59 Tech		Individual staff assessments and reports	Number of assessments and reports submitted per Department	2 assessments per staff member			1	0			1	0	2 Formal ———— 2 Formal	1. NOT ACHIEVED  2  3. Awaiting promulgation of relevant regulations by COGTA	1. Middle Management Supervisors  2. Middle Management Supervisors	1. Individual performance management system  2. . . . Middle Management

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														4. Job descriptions is in place		Supervisors
MM 151 Cor 45		Effective management of ward committees	Number of ward committee meetings per month per ward	1	1 = 27	1 = 27		1 = 27		1 = 27		108 — 108	1. NOT ACHIEVED  2. –  3. There are meetings held, but no proper record keeping is in place.  4. Training should be given to Ward committee	1. 108  2. 0	1. Effective management of ward committees  2. 108	

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														e members to capacitate them to conduct their own secretariat.		
MM 152 Cor 46			Number of ward plans reviewed and updated	9							9 (one per ward)	0	9 (one per ward) <div><div></div><div>4</div></div>	1. <b>NOT ACHIEVED</b>  2. – 3. The PPO of the municipality should work with the CDW and Ward Committees to	1. 9 2. 0	1. Number of ward plans reviewed and updated  2. 9

Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Performa nce Feedbac k  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objectiv e	Indicato r	Unit of measur ement		July- Sept 2017	Actual	Oct-Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objecti ve  2. Target
														compile the plans, but due to incapacity the action is not done.  4. Urgent capacitati ng of the PPO, CDW and Committee members.		
M M 15 3  Co r 47		Promulg ate 5 by-laws	Number of by-laws promulgated								5	1	5 — 1	1. <b>NOT ACHIEVED</b>  2. —  3. There were no other By-	1. 5  2. 5	1. Promulg ate 5 by-laws  2. 5

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
														laws that needed to be promulgated.  4.		
MM 154 Cor 48		7 Policies approved	Number of policies	13							7 Reviewed	2	7 — 2	1. <b>NOT ACHIEVED</b>  2.  3. Drafts available, awaiting Council approval.  4. The matter must be prioritized in the coming		

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														financial year to get all draft policies approved		
MM 155 Cor 49		Compliance with timeframes in respect of the delivery of notices for meetings	Hours before a meeting for Agendas to be delivered; in...	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours ———— — 48 hours	1. <b>ACHIEVED</b>  2. Copies of registers  3. —  4. —	1. 48 hours  2. 48 hours	1. Compliance with timeframes in respect of the delivery of notices for meetings. 48 hours
MM 156		Back to Basics / Outcome	Number of Back to Basics / Outcome reports	4	3	3	3	3	3	3	3	3	12 ———— — 12	1. <b>ACHIEVED</b>	1. 12  2. 12	1. Back to Basics /



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual			1. Target 2. Actual	1. Objective 2. Target
													Annual Actual			
														2. Copies of the reports 3.- 4.-		Outcome  2. 12
MM157		IDPs compile 2018-2019 Review	Number of IDPs compiled	1					1	1			1 — 1	1. <b>ACHIEVED</b> 2. Copy of the IDP 3. — 4. —	1.1 2. 1	1. IDPs compile 2018-2019 Review  2. 1
MM158	Compilation of SDBIPs	SDBIPs compiled	Number of Municipal SDBIPs compiled	1							1	1	1 — 1	1. <b>ACHIEVED</b> 2. Copy of the SDBIP	1. 1 2. 1	1. Compilation of the SDBIP  2. 1

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														3. – 2. –		
W	Oversight and Accountability	Number of fully functional Audit Committees	1	1							1	1	<div>1</div> <div>—</div> <div>1</div>	1. <b>ACHIEVED</b> 2. Copy of the CV of the Audit Committee 3. – 4. –	1. 1 2. 1	1. Number of fully functional Audit Committees 2. 1
MM 160		Number of meetings of the Audit Committee	Number of meetings	1	1	2	1	1	1	0	1	1	4	1. <b>ACHIEVED</b> 2. Minutes and		

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
														Attendance registers  3. –  4. –		
MM 144 Cor 37 Comm Fin 52 Tech 52		IDP / PMS / Budget road shows	Number of IDP/PMS/ Budget road shows	1	0		0		0		4	4	<div>4</div> <div>—</div> <div>4</div>	1. <b>ACHIEVED</b>  2. Attendance registers  3. –  4. -	1. 4  2. 4	1. IDP / PMS / Budget road shows  2. 4

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 145 Cor 38 Comm Fin 53 Tech 53		Comment on Draft IDP	Written Comments	0	0	0		0		1	1	1 1	1. ACHIEVED 2. No comments received 3. – 4. -		1. 1 2. 1	
MM 146 Cor 39 Comm	Generic Goal  Organizational PM system	Participate in SDBIP workshop	Number of workshops	0	0	0		0		1	1	1 1	1. ACHIEVED 2. Incorporated in Management meeting			

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual			
Fin 54 Tech 54														3. – 4. –		
MM 147 Cor 40 Com Fin 55 Tech 55		Signed Performance Agreements for each Director	Signed Performance agreements for each Director	1	MM 4 Directors	MM 4 Directors							MM 4 Directors MM 4 Directors	1. <b>ACHIEVED</b> 2. Copies of the agreements 3. – 4. –	1.5 2.5	1. Signed Performance Agreements for each Director 2.5
MM 148		Evaluation of MM & Directors	Evidence files	0	1	1	1	1	1	1	1	1	4 –	1. <b>ACHIEVED</b>	1.4 2.4	1. Evaluation of MM &

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
Cor 41  Com  Fin 56  Tech 56													4	2. POE's available at Manager PMS  3. –  4. -		Director s  2. 4
MM 149  Cor 42  Com 76  Fin 57		Quarterly, midyear and annual performance reports submitted	Number of reports	4	1	1	1	1	1	1	2	2	6  4 Quarterly reports 1 Mid-Year report  Annual Performance report	1. <b>ACHIEVED</b>  2. Copies of documents  3. -  4. -	1. 6  2. 6	1. 6  4 Quarterly reports 1 Mid-Year report  Annual Performance report

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual				
													Annual Actual			
Tech 57													<div>—</div> <div>6</div> <div>4 Quarterly reports</div> <div>1 Mid-Year report</div> <div>Annual Performance report</div>			2. 6
MM150 Cor 43 Com	Generic Goal  Individual performance management system	Individual performance agreements developed and signed	Number of agreements per Department	Middle Management  Supervisors	Middle Management  Supervisors		Middle Management  Supervisors		Middle Management  Supervisors	0	Middle Management  Supervisors	0	Middle Management  Supervisors  —	1. <b>NOT ACHIEVED</b>  2  3. Awaiting promulgation of relevant	1. Middle Management  Supervisors  2. Middle Management	1. Individual performance management system  2. Middle

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017 1. Target 2. Actual	2018/2019 1. Objective 2. Target
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual				
													Annual Actual			
77  Fin 58  Tech 58													Middle Management  Supervisors  4. Job descriptions is place	regulations by COGTA	Supervisors	Management  Supervisors
MM 72  Cor 44  Com  Fin 59  Tech		Individual staff assessments and reports	Number of assessments and reports submitted per Department	2 assessments per staff member		1	0				1	0	2  Formal  ————— — 2 Formal	1. <b>NOT ACHIEVED</b> 2 3. Awaiting promulgation of relevant regulations by COGTA 4. Job description	1. Middle Management Supervisors 2. Middle Management Supervisors	1. Individual performance management system 2. . . . Middle Management Supervisors



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
														ns is place		
MM 151 Cor 45		Effective management of ward committees	Number of ward committee meetings per month per ward	1	1 = 27	1 = 27		1 = 27		1 = 27			108 — 108	1. <b>NOT ACHIEVED</b>  2. –  3. There are meetings held, but no proper record keeping is in place.  4. Training should be given to Ward committee	1. 108  2. 0	1. Effective management of ward committees  2. 108

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														members to capacitate them to conduct their own secretariat.		
MM 152 Cor 46			Number of ward plans reviewed and updated	9							9 (one per ward)	0	9 (one per ward)  0	1. <b>NOT ACHIEVED</b>  2. – 3. The PPO of the municipality should work with the CDW and Ward Committees to compile	1. 9 2. 0	1. Number of ward plans reviewed and updated  2. 9

Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Performa nce Feedbac k  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objectiv e	Indicato r	Unit of measur ement		July- Sept 2017	Actual	Oct-Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objecti ve  2. Target
														the plans,  but due to incapacity the action is not done.  4. Urgent capacitati ng of the PPO, CDW and Committe e members.		
MM 153  Co r 47		Promulg ate 5 by-laws	Number of by-laws promulgate d								5	1	5  1	1. <b>NOT ACHIEVE D</b>  2. –  3. There were no other By- laws that	1. 5  2. 5	1. Promulg ate 5 by-laws  2. 5

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
														needed to be promulgated.  4.		
MM 154 Cor 48		7 Policies approved	Number of policies	13							7 Reviewed	2	7 — 2	1. <b>NOT ACHIEVED</b>  2.  3. Drafts available, awaiting Council approval.  4. The matter must be prioritized in the coming financial		

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														year to get all draft policies approved		
MM 155 Cor 49		Compliance with timeframes in respect of the delivery of notices for meetings	Hours before a meeting for Agendas to be delivered; in...	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours ———— 48 hours	1. <b>ACHIEVED</b>  2. Copies of registers  3. –  4. –	1. 48 hours  2. 48 hours	1. Compliance with timeframes in respect of the delivery of notices for meetings  2. 48 hours
MM 156		Back to Basics / Outcome	Number of Back to Basics / Outcome reports	4	3	3	3	3	3	3	3	3	12 ———— 12	1. <b>ACHIEVED</b>	1. 12  2. 12	1. Back to Basics / Outcome

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
														2. Copies of the reports 3.- 4.-		2. 12
MM157		IDPs compile 2018-2019 Review	Number of IDPs compiled	1					1	1			1 — 1	1. ACHIEVED 2. Copy of the IDP 3. — 4. —	1.1 2. 1	1. IDPs compile 2018-2019 Review 2. 1
MM158	Compilation of SDBIPs	SDBIPs compiled	Number of Municipal SDBIPs compiled	1							1	1	1 — 1	1. ACHIEVED 2. Copy of the SDBIP	1. 1 2. 1	1. Compilation of the SDBIP 2. 1

Re f No	Key Performance Indicator			Baselin e	Targets 2017/2018								Annual Target	1. Performa nce Feedbac k  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/20 17	2018/20 19
	Objectiv e	Indicato r	Unit of measur ement		July- Sept 2017	Actual	Oct-Dec 2017	Actual	Jan- March 2018	Actual	April- June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objecti ve  2. Target
														3. –  2. –		
W	Oversight and Accounta bility	Number of fully function al Audit Committ ees	1	1							1	1	1  —  1	1. <b>ACHIEVE D</b>  2. Copy of the CV of the Audit Committe e  3. –  4. –	1. 1  2. 1	1. Number of fully function al Audit Committ ees  2. 1
MM 16 0		Numbe r of meet ings of the Audit	Number of meetings	1	1	2	1	1	1	0	1	1	4  —  4	1. <b>ACHIEV ED</b>  2. Minutes		

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback 2. Evidence 3. Reason for Deviation 4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
		Committee												and Attendance registers  3. –  4. –		
MM 154 Cor 48		7 Policies approved	Number of policies	13							7 Reviewed	2	7 ————— 2	1. <b>NOT ACHIEVED</b>  2.  3. Drafts available, awaiting Council approval.  4. The matter must be prioritized		



Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target  2. Actual	1. Objective  2. Target
														in the coming financial year to get all draft policies approved		
MM 155 Cor 49		Compliance with timeframes in respect of the delivery of notices for meetings	Hours before a meeting for Agendas to be delivered; in...	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours	48 hours  48 hours	1. ACHIEVED  2. Copies of registers  3. –  4. –	1. 48 hours  2. 48 hours	1. Compliance with timeframes in respect of the delivery of notices for meetings  2. 48 hours

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
MM 156		Back to Basics / Outcome	Number of Back to Basics / Outcome reports	4	3	3	3	3	3	3	3	3	12 <hr/> 12	1. ACHIEVED  2. Copies of the reports  3.-  4.-	1. 12  2. 12	1. Back to Basics / Outcome  2. 12
MM 157		IDPs compile 2018-2019 Review	Number of IDPs compiled	1					1	1			1 <hr/> 1	1. ACHIEVED  2. Copy of the IDP  3. –  4. –	1.1 2. 1	1. IDPs compile 2018-2019 Review  2. 1
MM 158	Compilation of SDBIPs	SDBIPs compiled	Number of Municipal SDBIPs compiled	1							1	1	1 <hr/> –	1. ACHIEVED	1. 1 2. 1	1. Compilation of

Ref No	Key Performance Indicator			Baseline	Targets 2017/2018								Annual Target	1. Performance Feedback  2. Evidence  3. Reason for Deviation  4. Remedial Action	2016/2017	2018/2019
	Objective	Indicator	Unit of measurement		July-Sept 2017	Actual	Oct-Dec 2017	Actual	Jan-March 2018	Actual	April-June 2018	Actual	Annual Actual		1. Target 2. Actual	1. Objective 2. Target
													1	2. Copy of the SDBIP  3. –  2. –		the SDBIP  2. 1
W	Oversight and Accountability	Number of fully functional Audit Committees	1	1									1  —  1	1. <b>ACHIEVED</b>  2. Copy of the CV of the Audit Committee  3. –  4. –	1. 1 2. 1	1. Number of fully functional Audit Committees  2. 1

## OTHER

Due to capacity constraints, the municipality is not currently in a position to give practical effect to the following:

Performance Area	Objectives
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b> Community Services Environmental Health Ecological Integrity and protection of Biodiversity	<ul style="list-style-type: none"> <li>To identify and develop new and existing environmental conservation areas or reserves</li> </ul>
<b>BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b> Community Services Environmental Health  Environmental capacity building, awareness and empowerment  <b>GOOD GOVERNANCE</b> Corporate Services	<ul style="list-style-type: none"> <li>To manage negative impacts of development activities</li> <li>To promote compliance to environmental legislation</li> <li>To ensure that pollution (air, water, soil and noise) are minimized to acceptable national standards in order to preserve the environment and natural resources</li> <li>Increase awareness through educating communities about environmental issues and how to preserve the environment</li> <li>Develop and establish good governance that is transparent and accountable.</li> </ul>
<b>RURAL DEVELOPMENT</b> Community Services	Develop a database of services and facilities available in the rural areas of each ward to determine need

# Chapter 4



Organisational Development &  
Performance Management

## Component A: Introduction to the Municipal Personnel

### 4.1 Employee totals, turnover and vacancies

Table / Figure 4.1: Employee Summary as on 30 April 2017

Total number of employees	587
Section 56/57 employees	5
Total number of councillors	18
Total number of female councillors	7
Total number of interns (funded by others)	14

(Source: Workplace Skills Plan: 2018/19)

### Workforce Profile

Table / Figure 4.2: Total Number of Employees in the Municipality as on 30 April 2018

Occupational category	FA	F C	F I	F W	MA	M C	MI	M W	TOT AL
Legislators	66	0	0	1	37	0	0	2	106
Managers	4	0	0	0	11	0	0	1	16
Professionals	5	0	0	1	12	0	0	0	18
Technicians and Associate Professionals	18	0	0	2	28	0	0	3	51
Clerical and Administrative Workers	20	0	0	1	9	0	0	0	30
Service and Sales Workers	34	0	0	0	41	0	0	0	75
Skilled Agricultural, forestry, fishery, craft and related trades workers	0	0	0	0	17	0	0	0	17
Plant and Machine operators and Assemblers	0	0	0	0	20	0	0	0	20
Elementary occupations	70	0	0	0	184	0	0	0	254
Total	217	0	0	5	359	0	0	6	587

(Source: Workplace Skills Plan: 2018/19)

Table / Figure 4.3: Workforce profile by Occupational Category

According to Race and Gender

Occupational category	Total according to race								Total
	A	%	C	%	I	%	W	%	
Legislators	103	97	0	0	0	0	3	3	106
Managers	15	94	0	0	0	0	1	6	16
Professionals	5	94	0	0	0	0	1	6	18
Technicians and Associate Professionals	46	90	0	0	0	0	5	10	51
Clerical and Administrative Workers	29	97	0	0	0	0	1	3	30
Service and Sales Workers	75	100	0	0	0	0	0	0	75
Skilled Agricultural, forestry, fishery, craft and related trades workers	17	100	0	0	0	0	0	0	17
Plant and Machine operators and Assemblers	20	100	0	0	0	0	0	0	20
Elementary occupations	254	100	0	0	0	0	0	0	254
Total	576	98	0	0	0	0	11	2	587

(Source: Workplace Skills Plan: 2018/19)

Table / Figure 4.4: According to Race

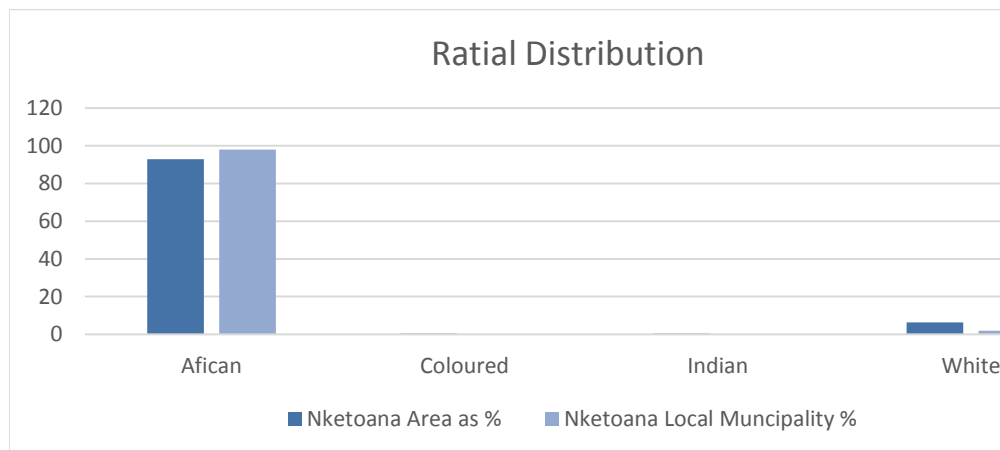
Occupational category	Total according to race								Total
	A	%	C	%	I	%	W	%	
<b>Legislators</b>	103	97	0	0	0	0	3	3	<b>106</b>
<b>Managers</b>	15	94	0	0	0	0	1	1	<b>16</b>
<b>Professionals</b>	17	94	0	0	0	0	1	1	<b>18</b>
<b>Technicians and Associate Professionals</b>	46	90	0	0	0	0	5	10	<b>51</b>
<b>Clerical and Administrative Workers</b>	29	97	0	0	0	0	1	3	<b>30</b>
<b>Service and Sales Workers</b>	75	100	0	0	0	0	0	0	<b>75</b>
<b>Skilled Agricultural, forestry, fishery, craft and related trades workers</b>	17	100	0	0	0	0	0	0	<b>20</b>
<b>Plant and Machine operators and Assemblers</b>	20	20	0	0	0	0	0	0	<b>254</b>
<b>Elementary occupations</b>	254	100	0	0	0	0	0	0	<b>587</b>
<b>Total</b>	<b>576</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>2</b>	<b>587</b>

(Source: Workplace Skills Plan: 2018/19)

### 3.3.1 Racial Distribution

The Council racial distribution versus the Nketoane area's racial profile is shown in the chart below.

Table / Figure 4.5: Racial Distribution Nketoana Area vs Nketoana Local Municipality



	African	Coloured	Indian	White
Nketoana Area as %	92.95	0.33	0.4	6.27
Nketoana Local Municipality %	98	0	0	2
Nketoana Area	60323	217	281	4073
Nketoana Local Municipality	576	0	0	11

(Source: Source: Workplace Skills Plan: 2018/19)

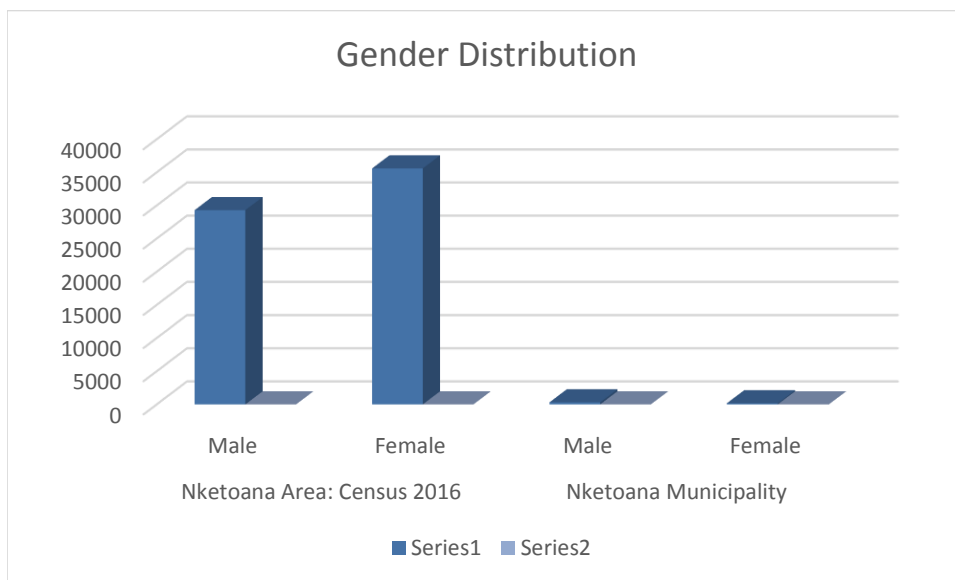


Table / Figure 4.6: Racial distribution per occupational level /

Occupational category	Total according to race								Total
	A	%	C	%	I	%	W	%	
<b>Legislators</b>	103	97	0	0	0	0	3	3	<b>106</b>
<b>Managers</b>	15	94	0	0	0	0	1	1	<b>16</b>
<b>Professionals</b>	17	94	0	0	0	0	1	1	<b>18</b>
<b>Technicians and Associate Professionals</b>	46	90	0	0	0	0	5	10	<b>51</b>
<b>Clerical and Administrative Workers</b>	29	97	0	0	0	0	1	3	<b>30</b>
<b>Service and Sales Workers</b>	75	100	0	0	0	0	0	0	<b>75</b>
<b>Skilled Agricultural, forestry, fishery, craft and related trades workers</b>	17	100	0	0	0	0	0	0	<b>20</b>
<b>Plant and Machine operators and Assemblers</b>	20	20	0	0	0	0	0	0	<b>254</b>
<b>Elementary occupations</b>	254	100	0	0	0	0	0	0	<b>587</b>
<b>Total</b>	<b>576</b>	<b>98</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>2</b>	<b>587</b>

(Source: Source: Workplace Skills Plan: 2016/17)

Table / Figure 4.7: Gender Distribution



Nketoana Area: Census 2016		Nketoana Municipality	
Male	Female	Male	Female
29300	35593	371	222
45.15%	54.84%	63%	37%

(Source: Source: Workplace Skills Plan: 2018/19)



## Workforce Movement

### Recruitment

Figure / Table 4.8: Recruitment of staff

Number of new employee Recruits by Occupation Category, Gender, Population Group and Age (Note: A=Africans, C=Coloureds, I= Indians and W= Whites)

	Male				Female				Total
Occupational Levels	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL PERMANENT</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
Temporary employees	22	0	0	0	8	0	0	0	30
<b>GRAND TOTAL</b>	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31</b>

(Source: Source: Employment Equity Report: 2017/18)

### Termination

Figure / Table 4.9: Termination of services

Employee Turnover between 31/10/2016 to 31/10/2017 (Note: A=Africans, C=Coloureds, I= Indians and W= Whites)

	Male				Female				Total
Occupational Levels	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	0	0	0	1	0	0	0	3
Semi-skilled and discretionary decision making	8	0	0	0	0	0	0	0	8
Unskilled and defined decision making	10	0	0	0	2	0	0	0	12
<b>TOTAL PERMANENT</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>
Temporary employees	1	0	0	0	3	0	0	0	4
<b>GRAND TOTAL</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>

(Source: Employment Equity Report: 2016/17)

<b>SUMMARY</b>	
Employees who left as a % of total employee	4.6%

(Source: Employment Equity Report: 2017/18)

## Component B: Managing the Municipal Workforce

The following are key objectives and indicators of the municipality's efforts to manage its workforce:

- Annual review of the organizational structure
- The filling of key vacancies. The following key vacancies were filled during 2017/18:
  - Municipal Manager
  - Chief Financial Officer
- Annual review of the HR Strategy

### 4.2 Policies

#### Status of policies

**Key Policy Developments during 2016/17 Financial Year (Policies revised and new policies developed)**

- Incapacity due to Illness/Injury Policy.
- Induction Policy.
- HIV/Life Threatening Diseases Policy.
- Sexual, Racial & Ethnic Harassment Policy.
- Attendance & Punctuality Policy.
- Policy on Career Opportunities, Succession Planning, Rapid Progression and Promotion

**Policies that were in place during 2017/18 which are still applicable:**

- Recruitment policy(Revise)
- Retention of Skilled Personnel
- Land disposal policy
- Travelling allowance
- Induction policy
- Training and development/Study policy
- Leave Encashment Policy
- Housing Help/Assistance
- Standby, Shift Allowance policy
- Occupation Health and Safety
- Contract workers
- Laptop policy
- Telephone usage policy

- Cellular phone policy
- Catering policy
- Retirement policy
- Retention of Skilled personnel
- Councilors Funeral policy
- Probation policy
- Training and development policy
- Recruitment policy
- Employee Funeral policy
- Establishment and Functionality of Ward committees
- Records Management Policy
- Recruitment policy(Revise)
- Retention of Skilled Personnel
- Land disposal policy
- Travelling allowance
- Induction policy
- Training and development/Study policy
- Leave Encashment Policy
- Housing Help/Assistance
- Standby, Shift Allowance policy
- Occupation Health and Safety

## 4.3 Monitoring and Evaluation

### Disciplinary Action

Figure / Table 4.10: Disciplinary action

C5. EMPLOYEES WHO LEFT THE MUNICIPALITY																													
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				P W D	AGE GROUPS			REASONS FOR LEAVING												TOTAL
																	RESIGNED	RETIRED	RETR ENCHED	MEDICAL REASONS	DIS MISSED	DEATH	CONTRACT TERMINATED						
	A	C	I	W	A	C	I	W	A	C	I	W		< 35	35 - 55	> 55	F	M	F	M	F	M	F	M	F	M	F	M	
Road Transport					0				0	0	0	0			0								0					0	
TOTALS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

(Source: Workplace Skills Plan: 2018/19)

## Component C: Employment Equity Status

Table / Figure 4.11: Employee profile

### TOTAL NUMBER OF COUNCILLORS/EMPLOYEES PER OCCUPATIONAL CATEGORY, POPULATION GROUP, DISABILITY STATUS, AND AGE GROUP

Total Number of Councillors/Employees Per Occupational Category, Population Group, Disability Status, And Age Group																						
Occupation Category	Ofo Code	Occupation	FA	FC	FI	FW	MA	MC	MI	MW	Total	DA	DC	DI	DW	Total	< 35	35 - 55	55 >	Total	Non SA	
LEGISLATOR S	2017-111101-2	Speaker (Local or Provincial Government)	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
LEGISLATOR S	2017-111101-8	Councillor	5	0	0	1	7	0	0	2	15	0	0	0	0	0	3	9	3	15	0	
LEGISLATOR S	2017-111101-9	Mayor	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
LEGISLATOR S	2017-111102-3	Chief Whip	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
LEGISLATOR S	2017-111101-6	Ward Committee Member	60	0	0	0	28	0	0	0	88	0	0	0	0	0	34	45	9	88	0	
LEGISLATORS Totals			66	0	0	1	37	0	0	2	106	0	0	0	0	0	37	57	12	106	0	
MANAGERS	2017-132101-6	Plant Superintendent	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS	2017-134602-1	Credit Control Manager	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	1	1	0	
MANAGERS	2017-121101	Finance Manager	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS	2017-121301-1	Planning & Development Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0	
MANAGERS	2017-121201	Human Resource Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS	2017-132104	Engineering Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS	2017-134402	Community Development Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS	2017-134901-11	Pollution and Waste Manager	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS	2017-121301	Policy and Planning Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0	
MANAGERS	2017-121905	Programme or Project Manager	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS	2017-121101-7	Budgeting Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
MANAGERS	2017-132401-12	Supply Chain Manager	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
MANAGERS	2017-134919	Traffic and Law Enforcement Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
MANAGERS	2017-121902	Corporate Services Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS	2017-121101-8	Chief Financial Officer (CFO)	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
MANAGERS	2017-121104	Internal Audit Manager	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
MANAGERS Totals			4	0	0	0	11	0	0	1	16	0	0	0	0	0	4	9	3	16	0	
PROFESSION ALS	2017-215101	Electrical Engineer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
PROFESSION ALS	2017-213302-9	Environmental Waste Officer	0	0	0	0	4	0	0	0	4	0	0	0	0	0	0	4	0	4	0	
PROFESSION ALS	2017-243201-11	Coordinator External / Internal Communication	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
PROFESSION ALS	2017-241101	General Accountant	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
PROFESSION ALS	2017-242103	Business Development Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
PROFESSION ALS	2017-243201	Communication Coordinator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
PROFESSION ALS	2017-242303-10	Hr Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
PROFESSION ALS	2017-252201-3	IT Information Systems Administrator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
PROFESSION ALS	2017-216401	Urban and Regional Planner	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
PROFESSION ALS	2017-242211	Internal Auditor	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
PROFESSION ALS	2017-242304-1	Industrial Relations Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
PROFESSION ALS	2017-243103-3	Tourism Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
PROFESSION ALS	2017-213306-3	Water Quality Technician	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
PROFESSION ALS	2017-242102-1	Organisational Performance Manager / Practitioner	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	1	1	0	
PROFESSION ALS	2017-226302-3	Occupational Safety and Health (OSH) Advisor / Coordinator / Officer / Professional	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
PROFESSIONALS Totals			5	0	0	1	12	0	0	0	18	0	0	0	0	0	6	11	1	18	0	
TECHNICIANS AND ASSOCIATE PROFESSION ALS	2017-312103-3	Mechanical Foreman	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	1	1	0	
TECHNICIANS AND ASSOCIATE PROFESSION ALS	2017-313203	Water Process Controller	7	0	0	0	16	0	0	0	23	0	0	0	0	0	16	6	1	23	0	
TECHNICIANS AND ASSOCIATE PROFESSION ALS	2017-313201-7	Pumping-station Operator	0	0	0	0	4	0	0	0	4	0	0	0	0	0	1	3	0	4	0	

Total Number of Councillors/Employees Per Occupational Category, Population Group, Disability Status, And Age Group																						
Occupation Category	Ofo Code	Occupation	FA	FC	FI	FW	MA	MC	MI	MW	Total	DA	DC	DI	DW	Total	< 35	35 - 55	55 >	Total	Non SA	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334102	Office Administrator	2	0	0	1	1	0	0	0	4	0	0	0	0	0	0	2	2	4	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302-4	Executive Assistant	4	0	0	0	1	0	0	0	5	0	0	0	0	0	3	2	0	5	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-333201-12	Event Planner	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-332302-7	Procurement Clerk	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-342201	Sports Development Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302	Personal Assistant	1	0	0	0	1	0	0	0	2	0	0	0	0	0	2	0	0	2	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-333201-12	Event Planner	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-332302-7	Procurement Clerk	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-342201	Sports Development Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302	Personal Assistant	1	0	0	0	1	0	0	0	2	0	0	0	0	0	2	0	0	2	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-1	Electrical Foreman	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	1	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-311201-11	Work Site Engineering Technician	0	0	0	1	1	0	0	1	3	0	0	0	0	0	0	3	0	3	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-341201-1	Community Development Facilitator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-351301	Computer Network Technician	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-4	Planned Maintenance Foreman	0	0	0	0	3	0	0	0	3	0	0	0	0	0	0	3	0	3	0	
TECHNICIANS AND ASSOCIATE PROFESSIONALS Totals			18	0	0	2	28	0	0	3	51	0	0	0	0	0	24	23	4	51	0	
CLERICAL SUPPORT WORKERS	2017-431101	Accounts Clerk	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
CLERICAL SUPPORT WORKERS	2017-441202-3	Messenger	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
CLERICAL SUPPORT WORKERS	2017-421401-8	Debt Management Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
CLERICAL SUPPORT WORKERS	2017-432301-4	Fleet Contracts Manager / Controller / Coordinator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
CLERICAL SUPPORT WORKERS	2017-411101-13	Administrative Assistant	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
CLERICAL SUPPORT WORKERS	2017-431101-5	Assets Clerk / Coordinator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
CLERICAL SUPPORT WORKERS	2017-432101-4	Stores Clerk / Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
CLERICAL SUPPORT WORKERS	2017-431101-2	Creditors Clerk	0	0	0	0	2	0	0	0	2	0	0	0	0	0	2	0	0	2	0	
CLERICAL SUPPORT WORKERS	2017-413201-8	Data Capturer	3	0	0	0	0	0	0	0	3	0	0	0	0	0	3	0	0	3	0	
CLERICAL SUPPORT WORKERS	2017-431101-9	Billing Administrator / Representative / Officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
CLERICAL SUPPORT WORKERS	2017-411101-9	Administration Clerk / Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
CLERICAL SUPPORT WORKERS	2017-421401-5	Debt Recovery Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
CLERICAL SUPPORT WORKERS	2017-441601	Human Resources Clerk	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	



Total Number of Councillors/Employees Per Occupational Category, Population Group, Disability Status, And Age Group																						
Occupation Category	Ofo Code	Occupation	FA	FC	FI	FW	MA	MC	MI	MW	Total	DA	DC	DI	DW	Total	< 35	35 - 55	55 >	Total	Non SA	
CLERICAL SUPPORT WORKERS	2017-411101	General Clerk	3	0	0	0	2	0	0	0	5	0	0	0	0	0	2	3	0	5	0	
CLERICAL SUPPORT WORKERS	2017-441101-18	Records Coordinator / Officer	1	0	0	0	1	0	0	0	2	0	0	0	0	0	0	0	2	2	0	
CLERICAL SUPPORT WORKERS	2017-422501	Enquiry Clerk	2	0	0	0	0	0	0	0	2	0	0	0	0	0	1	1	0	2	0	
CLERICAL SUPPORT WORKERS	2017-431101-8	Debtors Clerk	2	0	0	1	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0	
CLERICAL SUPPORT WORKERS	2017-422301	Switchboard Operator	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
CLERICAL SUPPORT WORKERS	2017-432101-16	Stock Control Clerk	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
CLERICAL SUPPORT WORKERS Totals			20	0	0	1	9	0	0	0	30	0	0	0	0	0	15	10	2	27	0	
SERVICE AND SALES WORKERS	2017-541201	Traffic Officer	3	0	0	0	1	0	0	0	4	0	0	0	0	0	3	1	0	4	0	
SERVICE AND SALES WORKERS	2017-541401	Security Officer	1	0	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	1	0	
SERVICE AND SALES WORKERS	2017-541401-7	Security Services Coordinator	0	0	0	0	2	0	0	0	2	0	0	0	0	0	0	2	0	2	0	
SERVICE AND SALES WORKERS	2017-523102-2	Cashier	3	0	0	0	1	0	0	0	4	0	0	0	0	0	1	2	1	4	0	
SERVICE AND SALES WORKERS	2017-541101	Fire Fighter	0	0	0	0	1	0	0	0	1	0	0	0	0	0	1	1	0	2	0	
SERVICE AND SALES WORKERS	2017-541401-3	Security Guard	27	0	0	0	35	0	0	0	62	0	0	0	0	0	35	27	0	62	0	
SERVICE AND SALES WORKERS	2017-541202-12	Law enforcement officer	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
SERVICE AND SALES WORKERS Totals			34	0	0	0	41	0	0	0	75	0	0	0	0	0	41	34	1	76	0	
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-642601-7	Water Plumber	0	0	0	0	9	0	0	0	9	0	0	0	0	0	3	6	0	9	0	
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-611302	Landscape Gardener	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-642605-3	Water Reticulation Practitioner	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	0	1	1	0	
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-671101	Electrician	0	0	0	0	4	0	0	0	4	0	0	0	0	0	3	1	0	4	0	
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-671101-4	Electrician (General)	0	0	0	0	2	0	0	0	2	0	0	0	0	0	0	2	0	2	0	
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS Totals			0	0	0	0	17	0	0	0	17	0	0	0	0	0	6	10	1	17	0	
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-733201	Truck Driver (General)	0	0	0	0	6	0	0	0	6	0	0	0	0	0	1	3	2	6	0	
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101	Agricultural Mobile Plant (Equipment) Operator	0	0	0	0	8	0	0	0	8	0	0	0	0	0	1	5	2	8	0	
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-732201	Chauffeur	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	1	0	1	0	
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734205-1	Grader Driver	0	0	0	0	2	0	0	0	2	0	0	0	0	0	0	2	0	2	0	
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734206-1	Front-end-loader Driver	0	0	0	0	3	0	0	0	3	0	0	0	0	0	0	3	0	3	0	

Total Number of Councillors/Employees Per Occupational Category, Population Group, Disability Status, And Age Group																					
Occupation Category	Ofo Code	Occupation	FA	FC	FI	FW	MA	MC	MI	MW	Total	DA	DC	DI	DW	Total	< 35	35 - 55	55 >	Total	Non SA
<b>PLANT AND MACHINE OPERATORS AND ASSEMBLERS</b>			0	0	0	0	20	0	0	0	20	0	0	0	0	0	2	14	4	20	0
<b>Totals</b>																					
ELEMENTARY OCCUPATIONS	2017-811201-4	Office Cleaner	19	0	0	0	1	0	0	0	20	0	0	0	0	0	1	11	8	20	0
ELEMENTARY OCCUPATIONS	2017-831313	Water Process Worker	8	0	0	0	41	0	0	0	49	0	0	0	0	0	4	34	13	51	0
ELEMENTARY OCCUPATIONS	2017-862301	Meter Reader	1	0	0	0	1	0	0	0	2	0	0	0	0	0	2	3	1	6	0
ELEMENTARY OCCUPATIONS	2017-862918-2	Electrician Assistant	0	0	0	0	4	0	0	0	4	0	0	0	0	0	4	0	0	4	0
ELEMENTARY OCCUPATIONS	2017-831301-9	Road Construction / Maintenance Labourer	8	0	0	0	29	0	0	0	37	0	0	0	0	0	8	27	2	37	0
ELEMENTARY OCCUPATIONS	2017-831304	Plumber's Assistant	2	0	0	0	17	0	0	0	19	0	0	0	0	0	2	17	0	19	0
ELEMENTARY OCCUPATIONS	2017-862918-13	Electrical Helper	0	0	0	0	6	0	0	0	6	0	0	0	0	0	0	6	0	6	0
ELEMENTARY OCCUPATIONS	2017-862919-1	Mechanic Assistant	0	0	0	0	3	0	0	0	3	0	0	0	0	0	0	3	0	3	0
ELEMENTARY OCCUPATIONS	2017-861101-9	Park / Gardens Cleaner	3	0	0	0	26	0	0	0	29	0	0	0	0	0	3	24	2	29	0
ELEMENTARY OCCUPATIONS	2017-861101-3	Refuse Collector	29	0	0	0	56	0	0	0	85	0	0	0	0	0	17	55	13	85	0
<b>ELEMENTARY OCCUPATIONS Sub Totals</b>			70	0	0	0	184	0	0	0	254	0	0	0	0	0	41	180	39	260	0
<b>Totals</b>			217	0	0	5	359	0	0	6	587	0	0	0	0	0	176	348	67	591	0

(Source: Workplace Skills Plan: 2018/19)

Figure / Table 4.12: Summary Employment Data

Total number of black (African, Coloured, Indian) employees	473
Black employees as a % of total employees	98.00%
Total number of women employees	166
Women employees as a % of total employees	35.00%
Total number of employees with disabilities	0
Employees with disabilities as a % of total employees	0%
Total employees over the age of 55	56
Over 55 employees as a % of total employees	12.00%
Total employees between the ages of 35 and 55	282
Employees between 35 and 55 as a % of total employees	60.00%
Total employees under the age of 35	135
Employees under 35 as a % of total employees	28.00%

(Source: Workplace Skills Plan: 2018/19)

# Qualifications Profile

Table / Figure 4.13: Employee qualification profile

Qualification Profile																
Occupation Category	Ofo Code	Occupation	Below NQF Level	NQF Level 1	NQF Level 2	NQF Level 3	NQF Level 4	NQF Level 5	NQF Level 6	NQF Level 7	NQF Level 8	NQF Level 9	NQF Level 10	Other	Total	
LEGISLATORS	2017-111101-9	Mayor	0	0	0	0	0	0	1	0	0	0	0	0	1	
LEGISLATORS	2017-111102-3	Chief Whip	0	0	0	0	0	0	1	0	0	0	0	0	1	
LEGISLATORS	2017-111101-8	Councillor	0	0	0	6	5	2	1	1	0	0	0	0	15	
LEGISLATORS	2017-111101-6	Ward Committee Member	0	0	0	88	0	0	0	0	0	0	0	0	88	
LEGISLATORS	2017-111101-2	Speaker (Local or Provincial Government)	0	0	0	0	1	0	0	0	0	0	0	0	1	
LEGISLATORS Totals			0	0	0	94	6	2	3	1	0	0	0	0	106	
MANAGERS	2017-121902	Corporate Services Manager	0	0	0	0	0	0	0	1	0	0	0	0	1	
MANAGERS	2017-121101-8	Chief Financial Officer (CFO)	0	0	0	0	0	0	0	1	0	0	0	0	1	
MANAGERS	2017-121104	Internal Audit Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS	2017-134402	Community Development Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS	2017-132104	Engineering Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS	2017-121905	Programme or Project Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS	2017-132101-6	Plant Superintendent	0	0	0	0	1	0	0	0	0	0	0	0	1	
MANAGERS	2017-134602-1	Credit Control Manager	0	0	0	0	0	1	0	0	0	0	0	0	1	
MANAGERS	2017-121301-1	Planning & Development Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS	2017-121301	Policy and Planning Manager	0	0	0	0	0	0	0	1	0	0	0	0	1	
MANAGERS	2017-134901-11	Pollution and Waste Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS	2017-121201	Human Resource Manager	0	0	0	0	0	0	0	1	0	0	0	0	1	
MANAGERS	2017-132401-12	Supply Chain Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS	2017-121101-7	Budgeting Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS	2017-134919	Traffic and Law Enforcement Manager	0	0	0	0	0	1	0	0	0	0	0	0	1	
MANAGERS	2017-121101	Finance Manager	0	0	0	0	0	0	1	0	0	0	0	0	1	
MANAGERS Totals			0	0	0	0	1	2	9	4	0	0	0	0	16	
PROFESSIONALS	2017-243201	Communication Coordinator	0	0	0	0	0	0	1	0	0	0	0	0	1	
PROFESSIONALS	2017-242102-1	Organisational Performance Manager / Practitioner	0	0	0	0	0	0	0	1	0	0	0	0	1	
PROFESSIONALS	2017-226302-3	Occupational Safety and Health (OSH) Advisor / Coordinator / Officer / Professional	0	0	0	0	0	0	1	0	0	0	0	0	1	
PROFESSIONALS	2017-243201-11	Coordinator External / Internal Communication	0	0	0	0	0	1	0	0	0	0	0	0	1	
PROFESSIONALS	2017-242303-10	Hr Officer	0	0	0	0	0	0	0	1	0	0	0	0	1	
PROFESSIONALS	2017-215101	Electrical Engineer	0	0	0	0	0	0	1	0	0	0	0	0	1	
PROFESSIONALS	2017-242103	Business Development Officer	0	0	0	0	0	1	0	0	0	0	0	0	1	
PROFESSIONALS	2017-242304-1	Industrial Relations Officer	0	0	0	0	0	1	0	0	0	0	0	0	1	
PROFESSIONALS	2017-213306-3	Water Quality Technician	0	0	0	0	0	0	0	1	0	0	0	0	1	
PROFESSIONALS	2017-216401	Urban and Regional Planner	0	0	0	0	0	0	1	0	0	0	0	0	1	
PROFESSIONALS	2017-242211	Internal Auditor	0	0	0	0	0	0	0	1	0	0	0	0	1	
PROFESSIONALS	2017-243103-3	Tourism Officer	0	0	0	0	1	0	0	0	0	0	0	0	1	
PROFESSIONALS	2017-252201-3	IT Information Systems Administrator	0	0	0	0	0	0	0	1	0	0	0	0	1	
PROFESSIONALS	2017-213302-9	Environmental Waste Officer	0	0	0	1	1	1	1	0	0	0	0	0	4	
PROFESSIONALS	2017-241101	General Accountant	0	0	0	0	0	0	0	1	0	0	0	0	1	
PROFESSIONALS Totals			0	0	0	1	2	4	5	6	0	0	0	0	18	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-4	Planned Maintenance Foreman	0	1	0	1	1	0	0	0	0	0	0	0	3	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-351301	Computer Network Technician	0	0	0	0	1	0	0	0	0	0	0	0	1	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334102	Office Administrator	0	0	0	0	1	1	2	0	0	0	0	0	4	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313201-7	Pumping-station Operator	0	0	2	2	0	0	0	0	0	0	0	0	4	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-341201-1	Community Development Facilitator	0	0	0	0	0	0	1	0	0	0	0	0	1	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-311201-11	Work Site Engineering Technician	0	0	0	0	0	0	3	0	0	0	0	0	3	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-3	Mechanical Foreman	0	0	0	0	1	0	0	0	0	0	0	0	1	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302-4	Executive Assistant	0	0	0	0	2	1	2	0	0	0	0	0	5	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-342201	Sports Development Officer	0	0	0	0	0	0	1	0	0	0	0	0	1	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-332302-7	Procurement Clerk	0	0	0	0	0	1	0	0	0	0	0	0	1	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-333201-12	Event Planner	0	0	0	0	1	0	0	0	0	0	0	0	1	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-313203	Water Process Controller	0	0	0	0	23	0	0	0	0	0	0	0	23	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-312103-1	Electrical Foreman	0	0	0	0	1	0	0	0	0	0	0	0	1	
TECHNICIANS AND ASSOCIATE PROFESSIONALS	2017-334302	Personal Assistant	0	0	0	0	1	0	1	0	0	0	0	0	2	
TECHNICIANS AND ASSOCIATE PROFESSIONALS Totals			0	1	2	3	32	3	10	0	0	0	0	0	51	
CLERICAL SUPPORT WORKERS	2017-432101-16	Stock Control Clerk	0	0	0	0	1	0	0	0	0	0	0	0	1	



Qualification Profile															
Occupation Category	Ofo Code	Occupation	Below NQF Level	NQF Level 1	NQF Level 2	NQF Level 3	NQF Level 4	NQF Level 5	NQF Level 6	NQF Level 7	NQF Level 8	NQF Level 9	NQF Level 10	Other	Total
CLERICAL SUPPORT WORKERS	2017-432101-4	Stores Clerk / Officer	0	0	0	0	0	0	1	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-411101-13	Administrative Assistant	0	0	0	0	0	0	0	1	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-441101-18	Records Coordinator / Officer	0	0	0	0	1	0	1	0	0	0	0	0	2
CLERICAL SUPPORT WORKERS	2017-431101-8	Debtors Clerk	0	0	0	0	2	0	1	0	0	0	0	0	3
CLERICAL SUPPORT WORKERS	2017-431101-5	Assets Clerk / Coordinator	0	0	0	0	0	0	1	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-422301	Switchboard Operator	0	0	0	1	0	0	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-431101-2	Creditors Clerk	0	0	0	0	0	0	2	0	0	0	0	0	2
CLERICAL SUPPORT WORKERS	2017-413201-8	Data Capturer	0	0	0	0	0	3	0	0	0	0	0	0	3
CLERICAL SUPPORT WORKERS	2017-431101-9	Billing Administrator / Representative / Officer	0	0	0	0	0	1	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-441601	Human Resources Clerk	0	0	0	0	0	0	1	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-422501	Enquiry Clerk	0	0	0	0	0	1	1	0	0	0	0	0	2
CLERICAL SUPPORT WORKERS	2017-441202-3	Messenger	0	0	0	0	1	0	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-411101-9	Administration Clerk / Officer	0	0	0	1	0	0	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-431101	Accounts Clerk	0	0	0	0	0	0	1	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-421401-8	Debt Management Officer	0	0	0	0	0	0	1	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-421401-5	Debt Recovery Officer	0	0	0	0	0	1	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS	2017-432301-4	Fleet Contracts Manager / Controller / Coordinator	0	0	0	0	0	1	0	0	0	0	0	0	1
CLERICAL SUPPORT WORKERS Totals			0	0	0	2	5	7	10	1	0	0	0	0	25
SERVICE AND SALES WORKERS	2017-541401-3	Security Guard	0	0	0	0	62	0	0	0	0	0	0	0	62
SERVICE AND SALES WORKERS	2017-541401-7	Security Services Coordinator	0	0	0	0	2	0	0	0	0	0	0	0	2
SERVICE AND SALES WORKERS	2017-541201	Traffic Officer	0	0	0	0	0	4	0	0	0	0	0	0	4
SERVICE AND SALES WORKERS	2017-523102-2	Cashier	0	0	2	0	0	0	2	0	0	0	0	0	4
SERVICE AND SALES WORKERS	2017-541401	Security Officer	0	0	0	0	1	0	0	0	0	0	0	0	1
SERVICE AND SALES WORKERS	2017-541202-12	Law enforcement officer	0	0	0	0	0	1	0	0	0	0	0	0	1
SERVICE AND SALES WORKERS	2017-541101	Fire Fighter	0	0	0	0	1	0	0	0	0	0	0	0	1
SERVICE AND SALES WORKERS Totals			0	0	2	0	66	5	2	0	0	0	0	0	75
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-642601-7	Water Plumber	0	0	0	9	0	0	0	0	0	0	0	0	9
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-611302	Landscape Gardener	0	0	0	1	0	0	0	0	0	0	0	0	1
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-671101	Electrician	0	0	0	0	0	4	0	0	0	0	0	0	4
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-671101-4	Electrician (General)	0	0	0	0	2	0	0	0	0	0	0	0	2
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS	2017-642605-3	Water Reticulation Practitioner	0	0	0	0	1	0	0	0	0	0	0	0	1
SKILLED AGRICULTURAL, FORESTRY, FISHERY, CRAFT AND RELATED TRADES WORKERS Totals			0	0	0	10	3	4	0	0	0	0	0	0	17
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734205-1	Grader Driver	0	0	1	1	0	0	0	0	0	0	0	0	2

Qualification Profile															
Occupation Category	Ofo Code	Occupation	Below NQF Level	NQF Level 1	NQF Level 2	NQF Level 3	NQF Level 4	NQF Level 5	NQF Level 6	NQF Level 7	NQF Level 8	NQF Level 9	NQF Level 10	Other	Total
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734206-1	Front-end-loader Driver	0	0	1	2	0	0	0	0	0	0	0	0	3
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-734101	Agricultural Mobile Plant (Equipment) Operator	2	2	4	0	0	0	0	0	0	0	0	0	8
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-732201	Chauffeur	0	0	0	0	1	0	0	0	0	0	0	0	1
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	2017-733201	Truck Driver (General)	0	0	0	6	0	0	0	0	0	0	0	0	6
PLANT AND MACHINE OPERATORS AND ASSEMBLERS Totals			2	2	6	9	1	0	0	0	0	0	0	0	20
ELEMENTARY OCCUPATIONS	2017-831304	Plumber's Assistant	0	5	8	4	2	0	0	0	0	0	0	0	19
ELEMENTARY OCCUPATIONS	2017-862918-2	Electrician Assistant	0	0	0	0	0	2	2	0	0	0	0	0	4
ELEMENTARY OCCUPATIONS	2017-861101-3	Refuse Collector	16	23	25	21	0	0	0	0	0	0	0	0	85
ELEMENTARY OCCUPATIONS	2017-831301-9	Road Construction / Maintenance Labourer	5	8	12	12	0	0	0	0	0	0	0	0	37
ELEMENTARY OCCUPATIONS	2017-862918-13	Electrical Helper	0	0	6	0	0	0	0	0	0	0	0	0	6
ELEMENTARY OCCUPATIONS	2017-862919-1	Mechanic Assistant	0	0	0	0	3	0	0	0	0	0	0	0	3
ELEMENTARY OCCUPATIONS	2017-831313	Water Process Worker	0	0	0	0	0	49	0	0	0	0	0	0	49
ELEMENTARY OCCUPATIONS	2017-862301	Meter Reader	0	0	2	0	0	0	0	0	0	0	0	0	2
ELEMENTARY OCCUPATIONS	2017-861101-9	Park / Gardens Cleaner	0	0	27	2	0	0	0	0	0	0	0	0	29
ELEMENTARY OCCUPATIONS	2017-811201-4	Office Cleaner	0	14	5	1	0	0	0	0	0	0	0	0	20
ELEMENTARY OCCUPATIONS Totals			21	50	85	40	5	51	2	0	0	0	0	0	254
Totals			23	53	95	159	121	78	41	12	0	0	0	0	582

(Source: Workplace Skills Plan: 2018/19)

Figure / Table 4.14: Summary Employee Qualification Profile Data

EMPLOYEE QUALIFICATION PROFILE	
Total number of employees with an NQF Level 1 and below qualification	76
Employees with an NQF Level 1 and below qualification as a % of total employees	13%
Total number of employees with an NQF Level 2, 3 or 4 qualification	339
Employees with an NQF Level 2, 3 or 4 qualification as a % of total employees	58%
Total number of employees with an NQF Level 5 or above qualification	131
Employees with an NQF Level 5 or above qualification as a % of total employees	23%
Total employees who are Managers and Professionals with an NQF Level 6 or above qualification	24
Employees who are Managers and Professionals with an NQF Level 6 or above qualification as a % of total employees in those categories	24 of 34 = 71%
Total employees who are Technicians with an NQF Level 5 or above qualification	13
Employees who are Technicians and Associate Professionals with an NQF Level 5 or above qualification as a % of total employees in those categories	13 of 51=25%

(Source: Workplace Skills Plan: 2018/19)

## Component D: Capacitating the Municipal Workforce

Table / Figure 4.15: Training for Municipal Employees during 2018/19

Number of Training Beneficiaries by Occupational Category, Gender, Population Group, Disability and Age- Employees

Occupational category	Gender and Race								TOTAL	Age group			
	FA	FC	F I	F W	MA	M C	M I	M W		<35	35-55	55 >	TOTAL
Legislators	1	0	0	0	2	0	0	0	3	0	3	0	3
Managers	1	0	0	0	1	0	0	0	2	1	1	0	2
Professionals	4	0	0	0	2	0	0	0	6	3	3	0	6
Technicians and Associate Professionals	2	0	0	0	1	0	0	0	3	1	2	0	3
Clerical Support Workers	5	0	0	0	4	0	0	0	9	7	2	0	9
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0	0	0
Skilled Agricultural, forestry, fishery, craft and related trades workers	0	0	0	0	10	0	0	0	10	3	7	0	10
Plant and Machine operators and Assemblers	0	0	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>15</b>	<b>16</b>	<b>0</b>	<b>33</b>

(Source: Workplace Skills Plan: 2018/19)

Number of Training Beneficiaries by occupational Category, Gender, Population Group, Disability and Age as at 30 April 2018 - Unemployed

Occupational category	Gender and Race								TOTAL	Age group			
	F A	F C	F I	F W	M A	M C	M I	M W		<35	35-55	55 >	Total
Legislators	0	0	0	0	0	0	0	0	0	0	0	0	0
Managers	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionals	1	0	0	0	0	0	0	0	0	0	0	0	0
Technicians and Trade Workers	0	0	0	0	0	0	0	0	1	1	0	0	1
Clerical and Administrative Workers	0	0	0	0	3	0	0	0	3	2	1	0	3
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine operators and Assemblers	0	0	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>4</b>

(Source: Workplace Skills Plan: 2018/19)

## SKILLS DEVELOPMENT SUMMARY

Reporting on Training Expenditure for 1 May 2017-30 April 2018

Funding Source	Planned Training Budget-Employed	Planned Training Budget-Unemployed	Actual Expenditure - Employed	Actual Expenditure-Unemployed	Committed Expenditure - Employed	Committed Expenditure-Unemployed
<b>Mandatory Grant Funds</b>	0	0	0	0	0	0
<b>Outstanding Mandatory Grant Funds from previous year</b>	0	0	0	0	0	0
<b>Discretionary Grant Funds</b>	0	0	0	0	0	0
<b>Additional funding (Municipality/ entity, donor funds, other government funds etc.)</b>	700 000	0	R353 156	0	0	0
<b>Total</b>	<b>R700 000</b>	<b>0</b>	<b>R353 156</b>	<b>0</b>	<b>0</b>	<b>0</b>

(Source: Workplace Skills Plan: 2018/19)

Planned Training Budget for 1 May 2018- 30 April 2019

Funding Source	Planned Training Budget-Employed	Planned Training Budget-Unemployed	Actual Expenditure - Employed	Actual Expenditure-Unemployed	committed Expenditure - Employed	Committed Expenditure - Unemployed
<b>Mandatory Grant Funds</b>	167 160	0	0	0	0	0
<b>Outstanding Mandatory Grant Funds from previous year</b>	167 160	0	0	0	0	0
<b>Discretionary Grant Funds</b>	150 000	100 000	0	0	0	0
<b>Additional funding (Municipality/ entity, donor funds, other government funds etc)</b>	990 000	0	R700 000.00	0	255 500	0
<b>Total</b>	<b>R1 474 320.00</b>	<b>R100 000.00</b>	<b>R700 000.00</b>	<b>0</b>	<b>R255 500</b>	<b>0</b>

(Source: Workplace Skills Plan: 2018/19)

## Component E: Managing the Workforce Expenditure

### Disclosure of Staff Remuneration

Figure / Table 4.16: Disclosure of staff remuneration

#### Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

#### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>34. Employee related costs</b>		
Acting allowances	2 677 750	1 784 009
Basic	71 469 597	60 305 954
Bonus	4 550 869	3 639 533
Defined contribution plans	287 000	1 165 000
Housing benefits and allowances	1 325 802	1 087 113
Leave pay and bonus provision	1 248 515	1 406 333
Medical aid - company contributions	1 760 198	2 198 867
Overtime payments	5 646 544	7 087 001
Pension	11 050 489	9 487 103
SALGA contributions	56 580	49 402
SDL	965 412	864 888
Standby allowances	1 924 896	2 092 146
Telephone and other allowances	1 037 737	853 882
Travel, car, accommodation, subsistence and other allowances	4 844 283	3 051 972
UIF	777 867	648 965
WCA	94 919	128 531
	<b>109 718 458</b>	<b>95 850 699</b>

The *leave pay and bonus provision* comprises of the year-on-year movements in the leave and bonus provisions. Refer to note 21 for more detail on these employee benefit liabilities.

#### Remuneration of Executive Directors

##### Remuneration of Acting Accounting Officer

Annual remuneration	-	48 182
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##### Remuneration of Accounting Officer

Annual remuneration	1 203 856	1 028 560
Acting allowance	100 749	-
Car allowance	96 000	188 000
Bonus	75 000	163 500
Other allowances	48 000	121 239
Contributions to UIF, medical and pension funds	16 920	228 947
	<b>1 540 525</b>	<b>1 730 246</b>

##### Remuneration of Acting Chief Financial Officer

Annual remuneration	340 692	328 269
Acting allowance	481 195	348 368
Car allowance	130 662	130 662
Bonus	28 391	26 445
Other allowances	4 514	21 913
Contributions to UIF, medical and pension funds	133 555	172 049
	<b>1 119 009</b>	<b>1 027 706</b>

##### Remuneration of Executive Director - Corporate Services

Annual remuneration	1 135 248	926 875
Car allowance	42 000	39 500
Bonus	68 000	54 000
Other allowances	36 000	44 702
Contributions to UIF, medical and pension funds	14 605	3 569
	<b>1 295 853</b>	<b>1 068 646</b>

##### Remuneration of Executive Director - Technical Services

Annual remuneration	382 363	764 759
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## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand

#### 34. Employee related costs (continued)

Car allowance	45 000	104 667
Bonus	59 429	58 383
Other allowances	60 000	144 944
Contributions to UIF, medical and pension funds	6 160	3 569
	<b>552 952</b>	<b>1 076 322</b>

#### Remuneration of Executive Director - Community Services

Annual remuneration	537 751	874 875
Acting allowance	137 484	-
Car allowance	76 577	91 000
Bonus	28 391	54 000
Other allowances	2 633	44 477
Contributions to UIF, medical and pension funds	53 130	38 188
	<b>835 966</b>	<b>1 102 540</b>

No performance bonuses were paid to Executive Directors in the current or prior year. All bonuses refer to salary structuring based on individual requests.

#### 35. Remuneration of councillors

Salaries	3 904 435	5 620 545
Mayor	582 722	512 959
Bonuses	-	33 870
Car and other allowances	1 406 428	1 029 045
	<b>5 893 585</b>	<b>7 196 419</b>

#### In-kind benefits

The Mayor and Speaker are full-time employees of the Municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker have the use of Council owned vehicles for official duties.

The Mayor and Speaker have the use of Council owned laptops and tablets.

Councillor remuneration is in line with the upper limits that is Gazetted by the Department of Cooperative Governance and the framework envisaged in section 219 of the Constitution.

No performance bonuses were paid to Councillors in the current or prior year. All bonuses refer to the structuring of remuneration based on individual requests.

Mayor	809 507	774 008
Executive Committee	1 424 913	1 534 404
Councillors	3 004 751	3 242 804
Speaker	654 414	698 529
	<b>5 893 585</b>	<b>6 249 745</b>



# Chapter 5



Financial  
Performance

# Statement of Financial Position

## Audited Financial Statements

### 5.1 Statements of Financial Performance

Figure / Table 5.1: Statement of Financial Performance

#### Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

#### Statement of Financial Performance

Figures in Rand	Notes	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	25	139 008 940	131 777 755
Rental of facilities and equipment	26	514 678	369 345
Interest received (trading)	27	40 358 478	37 978 056
Other income	28	1 224 473	1 034 734
Interest received - investment	29	742 363	1 049 246
<b>Total revenue from exchange transactions</b>		<b>181 848 932</b>	<b>172 209 136</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	30	19 424 857	17 799 341
<b>Transfer revenue</b>			
Government grants & subsidies	31	121 376 133	131 239 621
Public contributions and donations	32	500 000	5 500
Fines	33	36 329	165 740
<b>Total revenue from non-exchange transactions</b>		<b>141 337 319</b>	<b>149 210 202</b>
<b>Total revenue</b>		<b>323 186 251</b>	<b>321 419 338</b>
<b>Expenditure</b>			
Employee related costs	34	(109 718 458)	(95 850 699)
Remuneration of councillors	35	(5 893 585)	(7 196 419)
Depreciation and amortisation	36	(65 511 011)	(72 154 398)
Impairment loss/ Reversal of impairments	37	(548 280)	(16 300)
Finance costs	38	(21 840 999)	(17 396 120)
Lease rentals on operating lease	39	(3 035 982)	(3 109 276)
Debt Impairment	40	(101 359 568)	(93 782 537)
Bulk purchases	41	(46 825 412)	(48 159 560)
Contracted services	42	(12 052 959)	(12 310 758)
General expenses	43	(49 362 360)	(59 364 470)
<b>Total expenditure</b>		<b>(416 148 614)</b>	<b>(409 340 537)</b>
<b>Operating deficit</b>		<b>(92 962 363)</b>	<b>(87 921 199)</b>
Loss on disposal of assets and liabilities	44	(1 707 498)	(1 464 358)
Fair value adjustments	45	27 953	14 987
Actuarial gains/losses	21	(1 265 000)	1 704 000
		<b>(2 944 545)</b>	<b>254 629</b>
<b>Deficit for the year</b>		<b>(95 906 908)</b>	<b>(87 666 570)</b>



**Figure / Table 5.2: Statement of Financial Position**

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Financial Position as at 30 June 2018

Figures in Rand	Notes	2018	2017 Restated*
<b>Assets</b>			
Current Assets			
Inventories	4	768 309	705 473
Receivables from exchange transactions	5	31 535	8 306
Receivables from non-exchange transactions	6	6 984 291	1 824 616
Consumer debtors	7	20 635 664	19 010 238
Cash and cash equivalents	8	317 397	1 882 935
		<b>28 737 196</b>	<b>23 431 568</b>
Non-Current Assets			
Biological assets that form part of an agricultural activity	9	72 952	45 000
Investment property	10	13 966 722	13 966 722
Property, plant and equipment	11	981 217 075	1 018 668 613
Intangible assets	12	33 143	49 371
Heritage assets	13	529 800	529 800
Other financial assets	14	359 115	4 892 128
Long-term deposit	15	469 912	2 018 500
		<b>996 648 719</b>	<b>1 040 170 134</b>
<b>Total Assets</b>		<b>1 025 385 915</b>	<b>1 063 601 702</b>
<b>Liabilities</b>			
Current Liabilities			
Other financial liabilities	16	4 505 211	2 188 650
Finance lease obligation	17	253 277	214 464
Payables from exchange transactions	18	258 325 395	210 025 452
VAT payable	19	9 800 326	6 543 767
Consumer deposits	20	470 749	1 401 912
Employee benefit obligation	21	793 000	530 000
Unspent conditional grants and receipts	22	219 780	-
Cash and cash equivalents	8	6 144 730	4 363 174
		<b>280 512 468</b>	<b>225 267 419</b>
Non-Current Liabilities			
Other financial liabilities	16	2 033 011	6 649 242
Finance lease obligation	17	-	253 277
Employee benefit obligation	21	7 161 000	6 347 000
Provisions	23	52 452 121	51 071 642
		<b>61 646 132</b>	<b>64 321 161</b>
<b>Total Liabilities</b>		<b>342 158 600</b>	<b>289 588 580</b>
<b>Net Assets</b>		<b>683 227 315</b>	<b>774 013 122</b>
Accumulated surplus	24	678 106 214	774 013 122

**Figure / Table 5.3: Statement of changes in assets**

**Nketoana Local Municipality**

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

**Statement of Changes in Net Assets**

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	854 314 573	854 314 573
Adjustments		
Correction of errors	7 365 119	7 365 119
<b>Balance at 01 July 2016 as restated*</b>	<b>861 679 692</b>	<b>861 679 692</b>
Changes in net assets		
Deficit for the year	(87 666 570)	(87 666 570)
Total changes	(87 666 570)	(87 666 570)
<b>Restated* Balance at 01 July 2017</b>	<b>774 013 122</b>	<b>774 013 122</b>
Changes in net assets		
Deficit for the year	(95 906 908)	(95 906 908)
Total changes	(95 906 908)	(95 906 908)
<b>Balance at 30 June 2018</b>	<b>678 106 214</b>	<b>678 106 214</b>
Note	50	

## 5.2 Grants

**Figure / Table 5.4: Grants**

**Nketoana Local Municipality**

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

**Notes to the Annual Financial Statements**

Figures in Rand	2018	2017
<b>22. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Integrated National Electrification Programme Grant	1 572 327	-
Municipal Infrastructure Grant	(1 352 547)	-
	<b>219 780</b>	-
<b>Movement during the year</b>		
Balance at the beginning of the year	-	92 019
Additions during the year	43 192 870	52 396 602
Income recognition during the year	(41 620 543)	(52 488 621)
<b>Undefined Difference</b>	<b>(1 352 547)</b>	-
	<b>219 780</b>	-

# Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

## Notes to the Annual Financial Statements

Figures in Rand

	2018	2017
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### 31. Government grants and subsidies

#### Operating grants

Equitable Share	79 880 000	78 751 000
Expanded Public Works Programme Grant	1 000 000	1 023 000
Municipal Finance Management Grant	1 700 000	1 717 019
Municipal Support Programme	-	1 250 000
	<b>82 580 000</b>	<b>82 741 019</b>

#### Capital grants

Integrated National Electrification Programme Grant	3 427 673	-
Municipal Infrastructure Grant	25 630 590	26 718 000
Regional Bulk Infrastructure Grant	9 737 870	21 780 602
	<b>35 368 460</b>	<b>48 498 602</b>
	<b>121 376 133</b>	<b>131 239 621</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	36 460 854	52 488 621
Unconditional grants received	79 880 000	78 751 000
	<b>116 340 854</b>	<b>131 239 621</b>

#### Equitable Share

Current-year receipts	79 880 000	78 751 000
Transferred to revenue	(79 880 000)	(78 751 000)
	<b>-</b>	<b>-</b>

The Equitable Share is an unconditional grant and in terms of the Constitution, it is used to subsidise the provision of basic services to indigent community members.

#### Municipal Finance Management Grant

Balance unspent at beginning of year	-	92 019
Current-year receipts	1 700 000	1 625 000
Conditions met - transferred to revenue	(1 700 000)	(1 717 019)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 22).

#### Integrated National Electrification Programme Grant

Current-year receipts	5 000 000	-
Conditions met - transferred to revenue	(3 427 673)	-
	<b>1 572 327</b>	<b>-</b>

#### Regional Bulk Infrastructure Grant

Current-year receipts	9 737 870	21 780 602
Conditions met - transferred to revenue	(9 737 870)	(21 780 602)
	<b>-</b>	<b>-</b>

## 5.3 Assets

*Figure / Table 5.5: Assets*

### Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Financial Position as at 30 June 2018

Figures in Rand	Notes	2018	2017 Restated*
<b>Assets</b>			
Current Assets			
Inventories	4	768 309	705 473
Receivables from exchange transactions	5	31 535	8 306
Receivables from non-exchange transactions	6	6 984 291	1 824 616
Consumer debtors	7	20 635 664	19 010 238
Cash and cash equivalents	8	317 397	1 882 935
		<b>28 737 196</b>	<b>23 431 568</b>
Non-Current Assets			
Biological assets that form part of an agricultural activity	9	72 952	45 000
Investment property	10	13 966 722	13 966 722
Property, plant and equipment	11	981 217 075	1 018 668 613
Intangible assets	12	33 143	49 371
Heritage assets	13	529 800	529 800
Other financial assets	14	359 115	4 892 128
Long-term deposit	15	469 912	2 018 500
		<b>996 648 719</b>	<b>1 040 170 134</b>
<b>Total Assets</b>		<b>1 025 385 915</b>	<b>1 063 601 702</b>

## 5.4 Basic Service Delivery

Figure / Table 5.6: Basic Service Delivery

### Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017				
11. Property, plant and equipment (continued)						
Reconciliation of property, plant and equipment - 2017						
	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	17 838 185	-	-	-	-	17 838 185
Buildings	117 225 338	12 505 568	(37 662)	(5 856 528)	(15 328)	123 821 388
Infrastructure	852 509 893	29 312 979	(1 560 552)	(50 873 609)	(972)	829 387 739
Other property, plant and equipment	9 093 232	1 563 354	-	(1 729 221)	-	8 927 365
Landfill sites	51 409 618	330 000	-	(13 461 378)	-	38 278 240
Leased assets	632 142	-	-	(216 446)	-	415 696
	1 048 708 408	43 711 901	(1 598 214)	(72 137 182)	(16 300)	1 018 668 613
Assets subject to finance lease (Net carrying amount)						
Office equipment					199 249	415 696
Other information						
Reconciliation of Work-in-Progress 2018						
	Opening balance	Additions	Transfers	Closing balance		
Buildings	4 250 632	5 965 351	(9 906 765)	309 218		
Roads	24 875 850	15 820 049	(16 398 340)	24 297 559		
Sewer	22 807 050	979 988	-	23 787 038		
Solid waste	330 000	338 921	-	668 921		
Water	96 357 656	7 847 777	(11 191 808)	93 013 625		
	148 621 188	30 952 086	(37 496 913)	142 076 361		
Reconciliation of Work-in-Progress 2017						
	Opening balance	Additions	Transfers	Closing balance		
Buildings	4 630 621	16 896 880	(17 276 869)	4 250 632		
Roads	33 768 733	6 698 483	(15 591 366)	24 875 850		
Sewer	28 064 783	38 818	(5 296 551)	22 807 050		
Solid waste	-	330 000	-	330 000		
Water	72 876 739	23 480 917	-	96 357 656		
	139 340 876	47 445 098	(38 164 786)	148 621 188		
25. Service charges						
Sale of electricity			50 154 353	48 911 710		
Sale of water			49 039 781	46 176 654		
Sewerage and sanitation charges			20 637 802	18 766 439		
Refuse removal			19 177 004	17 922 952		
			139 008 940	131 777 755		
26. Rental of facilities and equipment						
Premises						
Rental of sites			368 768	309 893		
Facilities and equipment						
Rental of facilities			145 910	59 452		
			514 678	369 345		
27. Interest received (trading)						
Interest received (trading)			40 358 478	37 978 056		
28. Other income						
Building line relaxation			-	256		
Building plans and clearance certificates			60 582	24 512		
Connection fees			503 730	671 776		
Insurance claims			-	27 841		
Other income			470 281	117 536		
Tender documents			189 880	192 813		
			1 224 473	1 034 734		

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>5. Receivables from exchange transactions</b>		
Fruitless and wasteful expenditure to be investigated	407 520	407 520
Other receivable	9 550 726	9 527 497
Other receivable - money to be recovered	1 078 004	1 078 004
Provision for bad debts	(11 004 715)	(11 004 715)
	<b>31 535</b>	<b>8 306</b>

#### Trade and other receivables impaired

As of 30 June 2018, other receivables of R 11 004 715 (2017: R 11 004 715) were impaired and provided for.

#### 6. Receivables from non-exchange transactions

Fines	3 300	3 290
Consumer debtors - Rates	6 980 991	1 821 326
	<b>6 984 291</b>	<b>1 824 616</b>

#### Receivables from non-exchange transactions pledged as security

No other receivables from non-exchange transactions were pledged as security.

#### Receivables from non-exchange transactions impaired

##### Reconciliation of consumer debtors - rates

Consumer debtors - Rates	32 285 677	24 608 978
Consumer debtors - Rates (impairment)	(25 304 686)	(22 787 652)
	<b>6 980 991</b>	<b>1 821 326</b>

#### 6. Receivables from non-exchange transactions (continued)

##### Rates

Current (0 -30 days)	1 734 125	539 788
31 - 60 days	394 656	145 959
61 - 90 days	81 374	101 852
91 - 120 days	40 418	28 586
121 - 150 days	20 331	21 056
> 365 days	1 006 794	984 085
	<b>3 277 698</b>	<b>1 821 326</b>

#### 7. Consumer debtors (exchange transactions)

##### Gross balances

Electricity	16 887 168	11 858 055
Water	155 059 611	91 384 666
Sewerage	72 097 349	46 031 409
Refuse	80 759 395	51 472 625
Sundry debtors	4 913 257	156 325 506
Housing rental	377 937	308 238
Other (specify)	122 634 852	-
	<b>452 729 569</b>	<b>357 380 499</b>

##### Less: Allowance for impairment

Electricity	(8 646 104)	(6 573 057)
Water	(122 170 796)	(85 642 696)
Sewerage	(56 841 712)	(44 136 580)
Refuse	(64 395 709)	(49 795 793)
Sundry debtors	(179 706 282)	(151 914 159)
Housing rental	(333 302)	(307 976)
	<b>(432 093 905)</b>	<b>(338 370 261)</b>

##### Net balance

Electricity	8 241 064	5 284 998
Water	32 888 815	5 741 970
Sewerage	15 255 637	1 894 829
Refuse	16 363 686	1 676 832
Sundry debtors	(174 793 025)	4 411 347
Housing rental	44 635	262
Other (specify)	122 634 852	-
	<b>20 635 664</b>	<b>19 010 238</b>

##### Electricity

Current (0 -30 days)	4 070 209	4 635 448
31 - 60 days	428 978	203 573
61 - 90 days	160 631	92 196
91 - 120 days	78 130	31 661
121 - 150 days	31 679	19 683
> 150 days	380 371	302 437
Undefined Difference	<b>3 091 066</b>	<b>-</b>
	<b>8 241 064</b>	<b>5 284 998</b>

# Component A: Capital Budget

**Figure / Table 5.7: Capital expenditure**

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand

#### 10. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	13 966 722	-	13 966 722	13 966 722	-	13 966 722

#### Reconciliation of investment property - 2018

	Opening balance	Additions	Disposals	Total
Investment property	13 966 722	-	-	13 966 722

#### Reconciliation of investment property - 2017

	Opening balance	Additions	Disposals	Total
Investment property	13 877 904	88 818	-	13 966 722

#### Pledged as security

Investment property is not pledged as security.

There are no restrictions on the remittance of revenue and proceeds on disposals relating to investment property.

There are no contractual obligations to repair, maintain, enhance, purchase, construct or develop investment property.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### 11. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17 838 185	-	17 838 185	17 838 185	-	17 838 185
Buildings	246 544 088	(123 000 172)	123 543 916	240 578 736	(116 757 348)	123 821 388
Infrastructure	1 665 068 097	(857 701 673)	807 366 424	1 646 640 437	(817 252 698)	829 387 739
Other property, plant and equipment	18 618 395	(11 504 877)	7 113 518	19 748 278	(10 820 913)	8 927 365
Landfill sites	66 255 732	(41 099 949)	25 155 783	65 916 811	(27 638 571)	38 278 240
Leased assets	649 339	(450 090)	199 249	649 339	(233 643)	415 696
<b>Total</b>	<b>2 014 973 836</b>	<b>(1 033 756 761)</b>	<b>981 217 075</b>	<b>1 991 371 786</b>	<b>(972 703 173)</b>	<b>1 018 668 613</b>

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	17 838 185	-	-	-	-	17 838 185
Buildings	123 821 388	5 965 352	-	(6 242 824)	-	123 543 916
Infrastructure	829 387 739	26 471 471	(4 021 669)	(43 925 438)	(545 679)	807 366 424
Other property, plant and equipment	8 927 365	465 445	(627 993)	(1 648 698)	(2 601)	7 113 518
Landfill sites	38 278 240	338 921	-	(13 461 378)	-	25 155 783
Leased assets	415 696	-	-	(216 447)	-	199 249
<b>Total</b>	<b>1 018 668 613</b>	<b>33 241 189</b>	<b>(4 649 662)</b>	<b>(65 494 785)</b>	<b>(548 280)</b>	<b>981 217 075</b>

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand 2018 2017

#### 11. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	17 838 185	-	-	-	-	17 838 185
Buildings	117 225 338	12 505 568	(37 662)	(5 856 528)	(15 328)	123 821 388
Infrastructure	852 509 893	29 312 979	(1 560 552)	(50 873 609)	(972)	829 387 739
Other property, plant and equipment	9 093 232	1 563 354	-	(1 729 221)	-	8 927 365
Landfill sites	51 409 618	330 000	-	(13 461 378)	-	38 278 240
Leased assets	632 142	-	-	(216 446)	-	415 696
	<b>1 048 708 408</b>	<b>43 711 901</b>	<b>(1 598 214)</b>	<b>(72 137 182)</b>	<b>(16 300)</b>	<b>1 018 668 613</b>

##### Assets subject to finance lease (Net carrying amount)

Office equipment	199 249	415 696
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##### Other information

##### Reconciliation of Work-in-Progress 2018

	Opening balance	Additions	Transfers	Closing balance
Buildings	4 250 632	5 965 351	(9 906 765)	309 218
Roads	24 875 850	15 820 049	(16 398 340)	24 297 559
Sewer	22 807 050	979 988	-	23 787 038
Solid waste	330 000	338 921	-	668 921
Water	96 357 656	7 847 777	(11 191 808)	93 013 625
	<b>148 621 188</b>	<b>30 952 086</b>	<b>(37 496 913)</b>	<b>142 076 361</b>

##### Reconciliation of Work-in-Progress 2017

	Opening balance	Additions	Transfers	Closing balance
Buildings	4 630 621	16 896 880	(17 276 869)	4 250 632
Roads	33 768 733	6 698 483	(15 591 366)	24 875 850
Sewer	28 064 783	38 818	(5 296 551)	22 807 050
Solid waste	-	330 000	-	330 000
Water	72 876 739	23 480 917	-	96 357 656
	<b>139 340 876</b>	<b>47 445 098</b>	<b>(38 164 786)</b>	<b>148 621 188</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.



## Component B: Cash Flow Management and Investments

### 5.5 Cash flows

Figure / Table 5.8: Cash flows

#### Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

#### Cash Flow Statement

Figures in Rand	Notes	2018	2017 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		-	17 697 467
Sale of goods and services		-	76 492 781
Grants		-	131 216 868
Interest income		742 363	1 049 246
		<u>742 363</u>	<u>226 456 362</u>
<b>Payments</b>			
Employee costs		-	(101 965 824)
Suppliers		-	(61 517 208)
Finance costs		(21 840 999)	(17 396 120)
		<u>(21 840 999)</u>	<u>(180 879 152)</u>
<b>Undefined difference compared to the cash generated from operations note</b>		<b>39 361 999</b>	<b>(4 486 198)</b>
<b>Net cash flows from operating activities</b>	46	<b>18 263 363</b>	<b>41 091 012</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(33 241 189)	(43 711 901)
Proceeds from sale of property, plant and equipment	11	2 942 164	133 856
Purchase of investment property	10	-	(88 818)
Movement in financial assets		4 533 013	(304 352)
Purchase of biological assets that form part of an agricultural activity	9	-	(5 500)
Proceeds from sale of long-term deposit		1 548 588	-
<b>Net cash flows from investing activities</b>		<b>(24 217 424)</b>	<b>(43 976 715)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(2 299 670)	(317 574)
Movement in finance lease liability		(214 464)	(181 598)
<b>Net cash flows from financing activities</b>		<b>(2 514 134)</b>	<b>(499 172)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(8 468 195)</b>	<b>(3 384 875)</b>
Cash and cash equivalents at the beginning of the year		(2 480 239)	1 254 405
<b>Cash and cash equivalents at the end of the year</b>	8	<b>(10 948 434)</b>	<b>(2 130 470)</b>

## 5.6 Investments

Figure / Table 5.9: Investments

### Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

#### Notes to the Annual Financial Statements

Figures in Rand	2018		2017	
<b>10. Investment property</b>				
	2018		2017	
	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value
Investment property	13 966 722	- 13 966 722	13 966 722	- 13 966 722

#### Reconciliation of investment property - 2018

	Opening balance	Additions	Disposals	Total
Investment property	13 966 722	-	-	13 966 722

#### Reconciliation of investment property - 2017

	Opening balance	Additions	Disposals	Total
Investment property	13 877 904	88 818	-	13 966 722

## 5.7 Borrowing

Figure / Table 5.10: Borrowing

### Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2017

#### Notes to the Annual Financial Statements

Figures in Rand	2017		2016	
<b>9. Cash and cash equivalents (continued)</b>				
Cash on hand	48 291	9 688		
Short-term deposits	1 834 644	3 094 494		
Cash and cash equivalents	(4 363 174)	(1 849 777)		
	<b>(2 480 239)</b>	<b>1 254 405</b>		
Current assets	1 882 935	3 104 182		
Current liabilities	(4 363 174)	(1 849 777)		
	<b>(2 480 239)</b>	<b>1 254 405</b>		

#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA - Operating account - 2170560119	790 131	264 220	2 328 216	(5 158 916)	(1 171 244)	(2 667 441)
ABSA - Banktel account - 2170142538	260 532	57 397	173 334	795 742	(678 533)	196 807
ABSA Call account - 90741555973	565 673	1 872 020	1 725 063	565 673	1 872 020	1 725 063
Old Mutual - 5208945	521 270	521 270	521 270	521 270	521 270	521 270
<b>Total</b>	<b>2 137 606</b>	<b>2 714 907</b>	<b>4 747 883</b>	<b>(3 276 231)</b>	<b>543 513</b>	<b>(224 301)</b>

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	55 227	48 291
Short-term deposits	1 816 782	1 834 033
Other cash and cash equivalents	(1 554 612)	611
Cash and cash equivalents	(6 144 730)	(4 363 174)
	<b>(5 827 333)</b>	<b>(2 480 239)</b>

Current assets	317 397	1 882 935
Current liabilities	(6 144 730)	(4 363 174)
	<b>(5 827 333)</b>	<b>(2 480 239)</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA - Operating account - 2170560119	526 586	790 131	264 220	-	(5 158 916)	(1 171 244)
ABSA - Banktel account - 2170142538	30 131	260 532	57 397	-	795 742	678 533
ABSA Call account - 90741555973	401 178	565 673	1 872 020	-	565 673	1 872 020
Old Mutual - 5208945	521 270	521 270	521 270	-	521 270	521 270
<b>Total</b>	<b>1 479 165</b>	<b>2 137 606</b>	<b>2 714 907</b>	<b>-</b>	<b>(3 276 231)</b>	<b>1 900 579</b>

#### 16. Other financial liabilities

##### At amortised cost

Bank loan	6 538 222	7 543 785
The Development Bank of Southern Africa Limited. Refer to details of consolidation below.		
Bank loan	-	1 294 107
The Development Bank of Southern Africa Limited		

**6 538 222**      **8 837 892**

##### Total other financial liabilities

**6 538 222**      **8 837 892**

#### 16. Other financial liabilities (continued)

##### Development Bank of South Africa

###### Loan 1

The original loan amount was R 9 600 000 repayable over a 20 year period with a redemption date of 31 December 2024.

###### Loan 2

The original loan amount was R 1 600 000 repayable over a 20 year period with a redemption date of 31 December 2024.

On 14 August 2017 an agreement was made between DBSA and the Municipality for repayment of outstanding debt and arrears.

DBSA approved the release of collateral ceded to DBSA held by Standard Bank as security for the loans as partial repayment.

The outstanding balance including arrears of the two loans as disclosed below be consolidated into one loan with the same interest rate of 9.26%.

34 Month debit order of R 200 000 was actioned by the Municipality to settle the remaining balance of the loan.

##### Non-current liabilities

At amortised cost	2 033 011	6 649 242
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##### Current liabilities

At amortised cost	4 505 211	2 188 650
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## Component C: Disclosure of Staff Remuneration

Figure / Table 5.11: Disclosure of staff remuneration

### Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>34. Employee related costs</b>		
Acting allowances	2 677 750	1 784 009
Basic	71 469 597	60 305 954
Bonus	4 550 869	3 639 533
Defined contribution plans	287 000	1 165 000
Housing benefits and allowances	1 325 802	1 087 113
Leave pay and bonus provision	1 248 515	1 406 333
Medical aid - company contributions	1 760 198	2 198 867
Overtime payments	5 646 544	7 087 001
Pension	11 050 489	9 487 103
SALGA contributions	56 580	49 402
SDL	965 412	864 888
Standby allowances	1 924 896	2 092 146
Telephone and other allowances	1 037 737	853 882
Travel, car, accommodation, subsistence and other allowances	4 844 283	3 051 972
UIF	777 867	648 965
WCA	94 919	128 531
	<b>109 718 458</b>	<b>95 850 699</b>

The leave pay and bonus provision comprises of the year-on-year movements in the leave and bonus provisions. Refer to note 21 for more detail on these employee benefit liabilities.

#### Remuneration of Executive Directors

##### Remuneration of Acting Accounting Officer

Annual remuneration	-	48 182
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##### Remuneration of Accounting Officer

Annual remuneration	1 203 856	1 028 560
Acting allowance	100 749	-
Car allowance	96 000	188 000
Bonus	75 000	163 500
Other allowances	48 000	121 239
Contributions to UIF, medical and pension funds	16 920	228 947
	<b>1 540 525</b>	<b>1 730 246</b>

##### Remuneration of Acting Chief Financial Officer

Annual remuneration	340 692	328 269
Acting allowance	481 195	348 368
Car allowance	130 662	130 662
Bonus	28 391	26 445
Other allowances	4 514	21 913
Contributions to UIF, medical and pension funds	133 555	172 049
	<b>1 119 009</b>	<b>1 027 706</b>

##### Remuneration of Executive Director - Corporate Services

Annual remuneration	1 135 248	926 875
Car allowance	42 000	39 500
Bonus	68 000	54 000
Other allowances	36 000	44 702
Contributions to UIF, medical and pension funds	14 605	3 569
	<b>1 295 853</b>	<b>1 068 646</b>

##### Remuneration of Executive Director - Technical Services

Annual remuneration	382 363	764 759
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## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>34. Employee related costs (continued)</b>		
Car allowance	45 000	104 667
Bonus	59 429	58 383
Other allowances	60 000	144 944
Contributions to UIF, medical and pension funds	6 160	3 569
	<b>552 952</b>	<b>1 076 322</b>

#### Remuneration of Executive Director - Community Services

Annual remuneration	537 751	874 875
Acting allowance	137 484	-
Car allowance	76 577	91 000
Bonus	28 391	54 000
Other allowances	2 633	44 477
Contributions to UIF, medical and pension funds	53 130	38 188
	<b>835 966</b>	<b>1 102 540</b>

No performance bonuses were paid to Executive Directors in the current or prior year. All bonuses refer to salary structuring based on individual requests.

#### 35. Remuneration of councillors

Salaries	3 904 435	5 620 545
Mayor	582 722	512 959
Bonuses	-	33 870
Car and other allowances	1 406 428	1 029 045
	<b>5 893 585</b>	<b>7 196 419</b>

#### In-kind benefits

The Mayor and Speaker are full-time employees of the Municipality. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and Speaker have the use of Council owned vehicles for official duties.

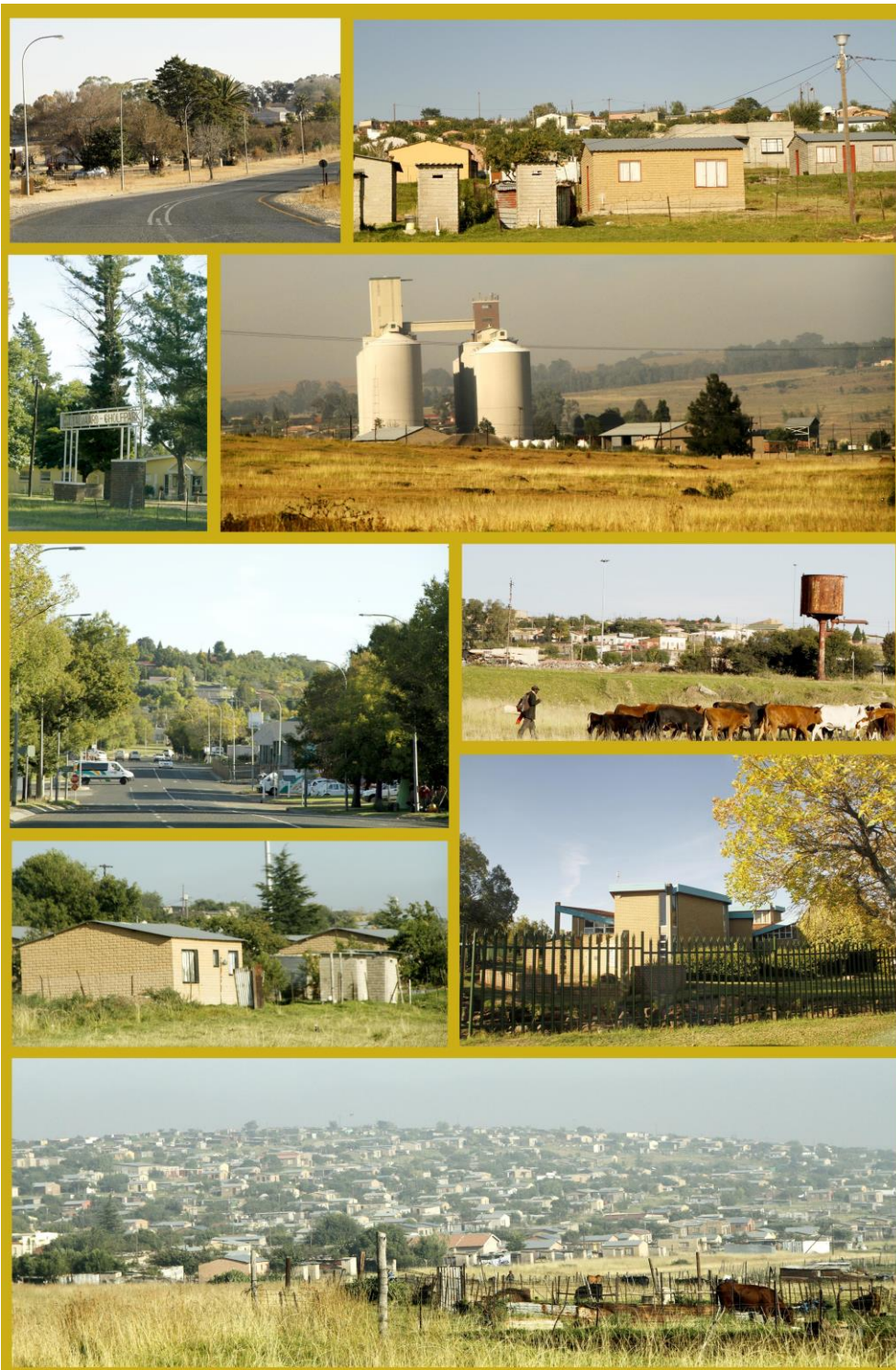
The Mayor and Speaker have the use of Council owned laptops and tablets.

Councillor remuneration is in line with the upper limits that is Gazetted by the Department of Cooperative Governance and the framework envisaged in section 219 of the Constitution.

No performance bonuses were paid to Councillors in the current or prior year. All bonuses refer to the structuring of remuneration based on individual requests.

Mayor	809 507	774 008
Executive Committee	1 424 913	1 534 404
Councillors	3 004 751	3 242 804
Speaker	654 414	698 529
	<b>5 893 585</b>	<b>6 249 745</b>





# Chapter 6

Report of the Auditor General  
2016 / 2017 Financial Year

## **Component A: Report of the Auditor-General 2016/17**

# Report of the auditor-general to the Free State Legislature and the council on the Nketoana Local Municipality

## Report on the audit of the financial statements

### Disclaimer of opinion

1. I was engaged to audit the financial statements of the municipality set out on pages 326 to 413, which comprise the appropriation statement, the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

#### Cash and cash equivalents

3. I was unable to obtain sufficient appropriate audit evidence for the reconciling items in the bank accounts of the municipality. I was unable to confirm the cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to cash and cash equivalents stated as R4 363 174 in the financial statements.

#### Value-added tax payable

4. The municipality did not correctly account for all the transactions attracting the value-added tax (VAT) in the accounting system due to the status of the accounting records. This resulted in the municipality incorrectly recognising a VAT payable that does not meet the definition of a liability in accordance with GRAP 1, *Presentation of financial statements*. As the municipality did not maintain adequate records of VAT activities, I was unable to determine the full extent of the overstatement of VAT payable as it was impracticable to do so.

#### Debt impairment

5. The municipality did not correctly account for VAT relating to debt impairment in the accounting system due to the status of the accounting records. This resulted in the municipality incorrectly recognising debt impairment inclusive of refundable taxes. As the municipality did not maintain adequate records of VAT activities, I was unable to determine the full extent of the overstatement of debt impairment as it was impracticable to do so.



#### General expenses

6. The municipality did not record general expenses at the correct amounts in accounting system. This resulted in general expenses being overstated by R12 077 675. In addition, I was unable to obtain sufficient appropriate audit evidence for general expenses, due to the status of the accounting records and non-submission of information in support of the recorded expenditure. I could not confirm the general expenses by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to general expenses stated as R43 844 560 in the financial statements.

#### Payables from exchange transactions

7. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amounts for payables from exchange transactions in the financial statements. As described in note 52, the restatement was made to rectify a previous year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the payables from exchange transactions corresponding figure stated as R148 772 644 in the financial statements.

#### Material uncertainty relating to going concern/financial sustainability

8. I draw attention to the matter below. My opinion is not modified in respect of this matter;
9. Note 53 in the financial statements, indicates that the municipality incurred a net loss of R73 255 255 during the year ended 30 June 2017 and, as of that date, the municipality's current liabilities exceeded its current assets by R201 440 548. In addition, the municipality owed Eskom R145 782 736 (2016: R99 407 396) and the Department of Water Affairs R4 037 887 (2016: R4 007 540) as at 30 June 2017 which is long overdue. These conditions, along with other matters as set forth in note 53, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern and to meet its service delivery objectives.

#### Emphasis of matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

#### Restatement of corresponding figures

11. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2017. **Material impairment**

#### Material impairment

12. As disclosed in note 7 to the financial statements, consumer debts from exchange transactions was impaired by R338 370 261 (2016: R299 214 761).
13. As disclosed in note 6 to the financial statements, receivables from non- exchange transactions was impaired by R22 787 652 (2016: R20 368 866).

14. As disclosed in note 5 to the financial statements, receivables from exchange transactions was impaired by R11 004 715 (2016: R11 004 715).
15. As disclosed in note 39 to the financial statements, material losses to the amount of R52 208 251 (2016: R23 565 465) was incurred as a result of a write-off of irrecoverable trade debtors.

#### **Irregular expenditure**

16. As disclosed in note 56 to the financial statements, irregular expenditure of R23 813 100 (2016: R24 504 680) was incurred due to non-compliance with supply chain management (SCM) requirements. In addition, the full extent of irregular expenditure was still in the process of being determined.

#### **Unauthorised expenditure**

17. As disclosed in note 54 to the financial statements, unauthorised expenditure of R77 901 074 (2016: R62 703 108) was incurred due to the budgeting process not being properly organised.

#### **Fruitless and wasteful expenditure**

18. As disclosed in note 55 to the financial statements, fruitless and wasteful expenditure of R16 787 904 (2016: R9 209 824) was incurred. The fruitless and wasteful expenditure was as a result of proper financial management processes not being implemented.

#### **Other matters**

19. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Unaudited disclosure notes**

20. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

#### **Responsibilities of the accounting officer for the financial statements**

21. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
22. In preparing the financial statements, the accounting officer is responsible for assessing the Nketoana Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

## **Auditor-general's responsibilities for the audit of the financial statements**

23. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
24. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

25. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas (KPAs) presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
26. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
27. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the selected KPAs presented in the annual performance report of the municipality for the year ended 30 June 2017:

<b>KPA</b>	<b>Pages in the annual performance report</b>
KPA 4 – basic service delivery	x – x

28. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

29. The material findings in respect of the usefulness and reliability of the selected KPA are as follows:

#### **KPA 4 – basic service delivery**

To ensure that 100% of formal households in the Nketoana municipal area have access to electricity by 2017

30. The strategic objective was not reported while the planned strategic objective was approved as "to ensure that 100% of formal households in the Nketoana municipal area have access to electricity by 2017" in the integrated development plan. This is not in line with the requirements of section 41(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (Municipal Systems Act).

Petsana: provision for sanitation and toilet brick structures

31. The indicator was reported as Petsana: provision for sanitation and toilet brick structures while the indicator was not approved in the integrated development plan. This is not in line with the requirements of section 41(c) of the Municipal Systems Act.

All registered indigents have access to free basic water

32. The target was reported as 100% (6 000 households/registered indigents) while the target was approved as 100% (5 000 households/registered indigents) in the integrated development plan. This is not in line with the requirements of section 41(c) of the Municipal Systems Act.

All registered indigents having access to at least RDP level of free basic sanitation

33. The target was reported as 100% of 6 000 registered indigent households while the target was approved as 100% of 5 000 registered indigent households in the integrated development plan. This is not in line with the requirements of section 41(c) of the Municipal Systems Act.

Petsana: provision for sanitation and toilet brick structures

34. The target was reported as 320 while the target was not approved in the integrated development plan. This is not in line with the requirements of section 41(c) of the Municipal Systems Act.

Boreholes: equipping new boreholes in Arlington

35. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of target 5, boreholes: equipping new boreholes in Arlington. This was due to limitations placed on the scope of my work as supporting documentation could not be submitted for auditing. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of target 5.

## Various indicators

36. The targets as determined during planning for the indicators below were not specific in clearly identifying the nature and required level of performance, as required by the Framework for Managing Programme Performance Information (FMPPi).

Performance indicator	Target
Number of potholes repaired	Continuously on demand
Number of square meters repaired	Continuously on demand
Number of Storm water canals cleaned	Continuously on demand
Number of km of streets gravelled	Continuously on demand
Number of damaged paved roads repaired	Continuously on demand

37. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of targets listed below. This was due to a lack of technical indicator descriptions, proper performance management systems and processes, formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the FMPPi. I was unable to confirm that the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements listed below:

Performance indicator	Reported achievement
Standard: weekly at all residential sites and bi-weekly at business sites	Achieved
Repairs and maintenance of street lights and other infrastructure according to the weekly plan	0

38. The reported achievements for the indicators listed below were misstated, as the evidence provided did not agree with the reported achievements:

Performance indicator	Reported achievement	Audited value
Boreholes: equipping new boreholes in Mamafubedu	3	0

Upgrading of water pump stations in Lindley and Arlington	4	0
Farms provided with clean potable water	4	1
All registered indigents have access to free basic water 100%	100%	73%
Maintenance project of transformers: Reitz: 2 Mamafubedu: 2 Lindley	1	0
Rehabilitation of Mamafubedu disposal site	1	0
Number of potholes repaired	399	759
Number of square meters repaired	695	1 808
Number of storm water canals cleaned	11 969	14 656

#### Other matters

39. I draw attention to the matters below.

#### Achievement of planned targets

40. Refer to the annual performance report on [page(s) **70 to 270** ] for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph(s) [ **25-41** ] of this report.

#### Adjustment of material misstatements

41. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 4 – basic service delivery. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

### Report on audit of compliance with legislation

#### Introduction and scope

42. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

43. The material findings on compliance with specific matters in key legislations are as follows:

#### Annual financial statements

44. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer of opinion.

#### Expenditure management

45. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
46. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The value of R23 813 100, as disclosed in note 56, is not complete as management was still in the process of quantifying the full extent of the irregular expenditure. The majority of the irregular expenditure was caused by non-compliance with SCM regulations.
47. Effective steps were not taken to prevent fruitless and wasteful expenditure of R16 787 904, as disclosed in note 55 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties on overdue submissions and accounts.

#### Human resource management

48. Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the Municipal Systems Act.

#### Asset management

49. Capital assets were permanently disposed without the approval of the council, as required by section 14(2)(a) of the MFMA.

#### Consequence management

50. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
51. Irregular expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.
52. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

#### Budgets

53. Reasonable steps were not taken to prevent unauthorised expenditure of R77 901 074, as disclosed in note 54 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on debt impairment.



## Procurement and contract management

- 54. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was also reported in the previous year.
- 55. Some of the quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b).
- 56. Some of the quotations were accepted from bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
- 57. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from bidders whose tax matters had been declared by the South African Revenue Service to be in order, as required by SCM regulation 43.
- 58. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).
- 59. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding and quotations, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations.
- 60. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
- 61. The preference point system was not applied to some of the procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act of South Africa, 2000 (Act No. 5 of 2000) (Preferential Procurement Policy Framework Act).
- 62. Some of the quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

## Other information

- 63. The Nketoana Local Municipality's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected KPAs presented in the annual performance report that have been specifically reported on in the auditor's report.
- 64. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 65. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements and the selected KPAs presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

66. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

#### **Internal control deficiencies**

67. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
68. The leadership did not always take adequate action to develop and monitor the action plan aimed at addressing weaknesses at the finance and SCM directorate due to slow response. This resulted in non-compliance with applicable legislation.
69. There was no effective leadership to enhance the best interests of the municipality as remedial or disciplinary action was not taken in a timely and consistent manner against those that deviated from SCM regulations.
70. Management did not implement effective human resource management to ensure that adequate and sufficiently skilled officials are appointed and performance is being monitored due to budget constraints. This resulted in material misstatements in the financial statements as well as material non-compliance.
71. The leadership did not evaluate whether management had implemented effective internal controls. This is because the leadership did not understand the senior management's role in ensuring proper records management and preparing the annual financial statements.
72. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. This resulted in a number of scope limitations being reported during the audit.
73. Management did not implement controls over daily and monthly processing and reconciling of transactions, which resulted in a disclaimer of opinion.
74. Management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information, due to lack of reviews of this information during the financial year, which gave rise to a number of material findings.
75. There was no adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively due to slow response in filling the vacancy in the position of head of internal audit.

76. The audit committee did not adequately review and verify the information reported in the annual financial statements and performance report submitted for auditing. This resulted in various matters being adjusted and corrected during the audit that could have been prevented.

#### Other reports

77. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
78. An investigation was being conducted by the South African Police Service (SAPS) into alleged fraudulent procurement transactions between the 2009 and 2012 financial years. Supporting documentation was seized by the SAPS. The investigation commenced towards the end of the 2013 financial year. The investigation was still ongoing at the reporting date.
79. A case was opened with the Directorate for Priority Crime Investigation into alleged fraudulent procurement transactions between the 2014 and 2015 financial years. The investigation was still ongoing at the reporting date.

*Auditor - General*

Bloemfontein

30 November 2017



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Component B: Action plan: 2016/17**

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
1	Reconciliation not performed appropriately between the general ledger and bank account	Cash and cash equivalents	<p><i>Section 62(b) of Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</i></p> <p><i>Section 63(2) of Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality; that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed</i></p> <p><i>Contrary to above requirement during the process of testing cash and cash equivalent the following issues were identified:</i></p> <ol style="list-style-type: none"> <li><i>1. Year-end (June 2017) bank reconciliation is not appropriately performed between the bank statement balance and general ledger (Munsoft system) balance</i></li> <li><i>2. There is no breakdown of reconciling items indicated between bank and general ledger</i></li> <li><i>3. Included in the bank reconciliation are total payments (accumulated or payments</i></li> </ol>	<p>Financial and performance management</p> <p>Management did not implement controls over daily and monthly processing and reconciling of transactions.</p>	Management should ensure that the reconciliation is properly performed and submitted for audit together with the supporting schedules of reconciling items.	Accounting Officer: The municipality is finalising a process of appointing a Chief Financial Officer who will be delegated the Finance Directorate and assist the Accounting Officer in ensuring that proper records of the financial affairs of the municipality are kept in accordance with prescribed norms and standards.	CFO -Updating the Standard Operating Procedure relating to preparation and reconciliations and clearing of long outstanding reconciling items.	EXPERIMENTAL MANAGER	Clean-up to be done by 31 March 2018. Monthly reconcils it will be done going forward.	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>from 2015); and total deposit (accumulated or payments from 2015)  Account: MC 510 601 562  4. The outstanding deposits of R706 393 852 were not appearing on the bank statement and the breakdown could not be provided by management  5. The outstanding payments of R724 921 526 were not appearing on the bank statement and the breakdown could not be provided by management  Account: MC 510 601 572  6. The outstanding deposits of R124 832 833 were not appearing on the bank statement and the breakdown could not be provided by management  7. The outstanding payments of R124 144 179 were not appearing on the bank statement and the breakdown could not be provided by management</p> <p>The above error is due to municipality depending on the system to perform the bank reconciliation</p> <p>The above issues results in misstatement of cash and cash equivalent by an unquantifiable</p>							
2	Incorrect balance recognised	Cash and cash equivalents	<p>Paragraph 06 of Standard of Generally Recognised Accounting Practice (GRAP 01) states that accrual basis means a basis of accounting under which transactions or events and conditions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions, other events or conditions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate. The elements recognised under accrual accounting are assets, liabilities, net assets, revenue and</p>	Financial and performance management Management did not implement controls over daily and monthly processing and	Management should adjust the financial statements and prepare accurate bank reconciliation .	Accounting Officer: The municipality is finalising a process of appointing a Chief Financial Officer who will be delegated the Finance Directorate and assist the Accounting Officer in ensuring that proper records of the financial affairs	CFO will assess the balances and prepare necessary adjustments prior audit readiness for 2017/2018 to ensure that the opening	EXPENDITURE MANAGER	Clean-up to be done by 31 March 2018. Monthly reconciliations will be done going forward.	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>expenses.</p> <p><i>Contrary to above requirements during the test performed on cash and cash equivalent identified that the municipal bank account reflected overdraft in both current period and prior year of R4 363 174,00 and R1 849 777 respectively. However, through discussion with management it was confirmed that the municipality does not have an overdraft; This was also confirmed through inspection of bank statements that the municipality does not have overdraft.</i></p> <p><i>Above misstatement is as a result of management processing the payments that are more than available balance in the bank account prior to year end; and the payments having not reflected on the bank as at 30 June.</i></p> <p><i>Above misstatement result in understatement of cash and cash equivalent and payables of current period and prior year with an amount of R4 363 174,00 and R1 849 777 respectively.</i></p>	reconciling of transactions		of the municipality are kept in accordance with prescribed norms and standards.	balances are accurate.			
3	Annual Financial Statements	High Level Review	Section 122(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.	<p>Financial and performance management</p> <p>Management did not prepare regular, accurate and complete financial and performance reports that are supported</p>	Management should adjust the financial statements in respect of differences identified; and provide the supporting schedules in respect of the	Accounting Officer: The municipality is finalising a process of appointing a Chief Financial Officer who will be delegated the Finance Directorate and assist the Accounting Officer in ensuring that proper records of the financial affairs of the municipality	CFO will assess the differences that were still pending from the audit and make necessary adjusting entries to correct the opening balances for audit	Manager Budget and Treasury	Jun-18	To be corrected when submitting 2017/18 AFS as opening balances

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			Contrary to above requirement during the review of the financial statements submitted for audit the following issues were identified: in various account balances and transactions ( detailed list on	and evidenced by reliable information	outstanding schedules.	are kept in accordance with prescribed norms and standards.	readiness. Detailed reviews will be conducted by Management and Internal Audit will also assist in insuring that financial statements are free from error.			
4	Reasonable steps not taken to prevent UIFW from occurring	UIFW Expenditure	<p>Section 32(4) of the MFMA state that the accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of-</p> <p>(a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;</p> <p>(b) whether any such person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure, and</p> <p>(c) the steps have been taken to recover or rectify such expenditure and to prevent a recurrence of such expenditure.</p> <p>Contrary to the above there was no reasonable steps taken to prevent unauthorised, irregular, fruitless and wasteful expenditure from occurring. The following unauthorised, irregular, fruitless and wasteful expenditure occurred during the year:</p> <p>1. Irregular Expenditure: R 4,420,345</p> <p>2. Fruitless and wasteful expenditure: R 16,787,904</p> <p>3. Unauthorised expenditure: R 47,287,197</p>	Leadership: Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Management should ensure that there are reasonable steps to prevent unauthorised, Irregular, fruitless and wasteful expenditure	Strict adherence to the respective legislative prescripts pertaining to the regarding any unauthorised, irregular or fruitless expenditure and wasteful expenditure incurred by the municipality. Management will also consider initiation an investigation regarding unauthorised, irregular, fruitless and wasteful expenditure	Update Performance Assessments to include unauthorised, irregular, fruitless and wasteful expenditure	CFO	30-Jun-18	Ongoing



NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
5	Investigations not performed	Consequence Management	<p><i>Section 32(2)(a) and (b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that:</i></p> <p><i>32. Unauthorised, irregular or fruitless and wasteful expenditure.—(1) Without limiting liability in terms of the common law or other legislation—</i></p> <p><i>(2) A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure—</i></p> <p><i>(a) in the case of unauthorised expenditure, is—</i></p> <p><i>(i) authorised in an adjustments budget; or</i></p> <p><i>(ii) certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council; and</i></p> <p><i>(b) in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.</i></p> <p><i>During the audit of irregular expenditure the evidence could not be obtained that council did investigate all instances of unauthorised, irregular or fruitless and wasteful expenditure to ensure timely recovery and/or disciplinary steps to be taken and if irrecoverable condone through National Treasury or being written-off by council.</i></p> <p><i>The balances as disclosed in the annual financial statements are as follows for all UIFW:</i></p> <p><i>Unauthorised expenditure R 229,015,977</i></p> <p><i>Irregular expenditure: R 108.707,651</i></p> <p><i>Fruitless and wasteful expenditure: R 36,516,547</i></p>	<p>Lack of monitoring to ensure that management comply with all municipal legislation.</p> <p>Non-compliance to section 32(2)(a) and (b) of the MFMA.</p>	<p>Management should implement adequate monitoring and reviewing processes to ensure compliance with relevant Laws and Regulations.</p>	<p>Accounting Officer:to ensure that the municipality adheres to the requirements of MFMA.</p>	<p>Accounting Officer and CFO will ensure that investigations pertaining to unauthorised, irregular, fruitless and wasteful expenditure are conducted and disciplinary actions are taken where necessary.</p>	CFO	30-Jun-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
6	Asset disposal process not followed	Compliance	<p><i>Section 14(1) of Municipal Financial Management Act, 2003 (56 of 2003) states that a municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.</i></p> <p><i>Section 14(2)(a) of Municipal Financial Management Act, 2003 (56 of 2003) states that municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection (1), but only after the municipal council, in a meeting open to the public has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services.</i></p> <p><i>Contrary to the above, no council approval was obtained for the disposal of PPE to the value of R3 481 306 as disclosed in the assets register and AFS.</i></p> <p><i>This occurred due to the assets not being found by the Municipality's consultants (Durham) when attempting to physically verify them, and not making any submissions to the council for approval of disposals</i></p>	Financial and Performance Management Management did not in all instances review and monitor compliance with applicable laws and regulations	Management should ensure that assets disposed are approved by council and should investigate all items marked as disposal in the asset register to submit complete list to council.	Disposal checklist to be compiled to ensure that no disposals of assets are made in future without council's approval	CFO to ensure that all necessary requirements are complied with prior disposing the assets. CFO to initiate an investigation of all items marked as disposed in the FAR and ensure that the is council approval	Manager: Budget	Jul-18	Ongoing
7	General and Repairs & maintenance overstatement	Expenditure	Paragraph 17 of GRAP 1 Presentation of Financial Statements states Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria of assets, liabilities, revenue and expenses set out in the Framework for the Preparation and	Financial and performance management:	Management should follow up the difference identified and provide the auditors with reasons why differences occurred	CFO will follow up on the differences	CFO will follow up on the differences	Manager: expenditure	30-Mar-18	Ongoing

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			Presentation of Financial Statements. Lack of review of transactions recorded in the general ledger account by management to ensure amount recorded agrees to the amount as per the invoices. The impact the above differences is overstatement of expenditure disclosed in the Annual Financial Statements with the following projected amounts: General expenditure: -R8 183 539,21 (overstatement) Repairs and Maintenance: R85 543 (understatement)							
8	Payments not made within 30 days	Expenditure: Compliance	Section 65(2)(e) of the MFMA (Act 56 of 2003) states that the accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure. Contrary to the above mentioned requirement, on calculating the number of days from invoice receipt date and invoice payment date it was noted that the following creditors were not paid within 30 days from receipt of an invoice. (Detailed list on the management report)	Municipality does not have funds to make payments within the given scope of time.  Non-compliance with the MFMA Section 65(2)(e)	Management should ensure that all payments to creditors are made within 30 days after receiving the invoice or statements.	Management will ensure that creditors are paid within 30 or if there are no funds available, negotiate with suppliers to pay when the is equitable share in order to prevent incurring interest.	CFO to pay within 30 days and or negotiate with suppliers to pay when the municipality receives an equitable share	Manager: expenditure	Monthly	Payment plan to be implemented monthly
9	Limitation-VAT		In accordance with Section 62(b) of Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Section 63(2) of Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and	Lack of proper review of financial statements by management	Management should regularly prepare vat reconciliations and provide all supporting documentation in relation to the disclosed Vat payable amount in	Proper consultation will be done with Internal Audit, before finalising the AFS, to avoid occurrences of this nature.	CFO will ensure that VAT returns are prepared timeously. Documentation will be kept for audit purposes.	Manager Budget and Treasury	28 February 2018 and Monthly reconciliation going forward	Ongoing, the backlog to be submitted by 28 February 2018. VAT201 and reconciliations to be submitted on a

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			<p>maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality; that the municipality's assets and liabilities are valued in accordance with standards of generally recognized accounting practice; and that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.</p> <p>Contrary to above requirement Vat Payable balance as disclosed in the annual financial statement could not be verified due to the following :</p> <p>1) Not all VAT 201 returns were obtained for audit therefore the amount disclosed in the GL and annual financial statement (AFS) could not be confirmed</p> <p>2) No support could be obtained in relation to the disclosed vat payable balance in the AFS This is due to lack of proper review of AFS by management and unavailability of vat reconciliations</p> <p>Above limitation of scope results in an unquantifiable material misstatement of the AFS</p> <p>The communication 35 relating to unavailability of vat reconciliations was raised and management has agreed with the finding.</p>		the Financial Statements.					monthly basis.
10	Scope limitation on prior year restated amounts	Trade payables	Section 15(1)(a) of the Public Audit Act No. 25 of 2004, states that when performing an audit referred to in section 11, the Auditor-General or an authorised auditor has at all reasonable times full and unrestricted access to any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee.	Financial and performance management. Non implementation of proper record keeping in a timely manner to ensure that complete,	Management should consider auditor's finding and ensure that the requested information is submitted for audit.	Accounting Officer and CFO will ensure that records of financial information of the municipality are kept.	CFO to obtain supporting documents to support the journal entry for opening balances	Manager: expenditure	30-Mar-18	Ongoing

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			<p>Section 62(1)(b) of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>The following difference was identified from prior year restated amount of R15 006 400, insufficient audit evidence was obtained for audit purposes. Journal 1735 did not contain sufficient and reliable evidence to audit the restatement.</p> <p>Trade payables balance per prior year audited AFS R155 735 055 Trade payables balance per restated figures in 2016/17 AFS R140 730 615</p> <p>The cause of the above is as a result of management being unable to provide the information as requested.</p> <p>The impact of the above finding is limitation of scope. This results in understatement of trade payables opening balance by R15 006 400</p>	relevant and accurate information is accessible and available to support financial and performance reporting.	Monthly Reconciliation must be done					
11	Completeness of Payables	Payables	<p>According to the Municipal Finance and Management Act section 62 general financial management functions:</p> <p>(1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:</p> <p>(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>According to the Municipal Finance and</p>	Financial and performance management: Management did not prepare regular, accurate and complete financial and performance reports that	Management should follow up on the issue raised and provide explanation or revisit the expenditure population	Management will ensure that the accrual list is updated accordingly and the necessary adjustment are made to the opening balances.	Accrual register to be properly monitored. All accruals raised in the previous financial year to be monitored to ensure that they are all cleared, those that are not cleared must	CFO/Manager Expenditure	31/03/2018	Ongoing

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			<p>Management Act section 63 general financial management functions:</p> <p>(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure—</p> <p>(a) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;</p> <p>(b) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and</p> <p>(c) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed."</p> <p>The following invoices were paid after year end and they were relating to 2016/17 financial year but they were not found in the general ledger /accrual listing for 2016/17</p>	are supported and evidenced by reliable information.			be supported with evidence that they are realistic. At year end, all Managers will be engaged to verify the accrual listings for their respective departments.			
12	Misstatements of year end creditors.	Payables	<p>Section 62 (1) (a-c) of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA) states that, "The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically; that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards; that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control; and of internal audit operating in accordance with any prescribed norms and standards.</p> <p>Audit finding:</p> <p>1.The following differences were identified between the supplier statements and the</p>	The matter occurred due to insufficient management controls over the preparation of the financial statements and its supporting schedules.	Management should ensure that the financial statements are reviewed, that reconciliations are done and transactions are correctly accounted for in the general ledger.	CFO will consult with the Internal Audit prior finalising AFS	AFS to be reviewed properly to identify any gaps and misstatements	CFO	Monthly	Ongoing

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			year end creditors listing. The amounts stated in the creditors listing does not agree to the supplier's statement.							
13	Provision for Sanitation and Toilet brick structures	AOPO: Reliability	<p>Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance.</p> <p>Contrary to above requirement during the test performed to test reliability of information used to report Petsana: Provision for Sanitation and Toilet brick structures Number of stands served with sanitation and toilet structures identified that the performance is reported is incorrect</p>	Management did not monitor and validate the actual achieved performance information included on the portfolio of evidence.	Management should adjust performance report; and report actual performance achieved.	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to monitor accuracy of reported performance on a quarterly basis and escalate any information outstanding to the Accounting Officer.	IDP	Quarterly	Ongoing
14	Maintenance of transformers	AOPO: Reliability	<p>Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance. Contrary to above requirement during the test performed to test reliability of information used to report Maintenance Project of Transformers: Reitz: 2 Mamafubedu: 2 Lindley: 1 indicator identified the following difference: 1. Municipality reported that the target was achieved but not all the transformers as</p>	Failure by management to have proper to have properly plan the indicator and the target.	Management should adjust the performance report and reflect the accurate performance	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to monitor accuracy of reported performance on a quarterly basis and escalate any information outstanding to the Accounting Officer.	IDP	Quarterly	Ongoing

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			indicated in the indicator maintained, the following were included in the report by Vaal Transformers Petrus Steyn (2), Lindley (1), and Reitz (1) on (01/12/2016) therefore the target is not achieved:							
15	Rehabilitation of Mamafubedu waste disposal site	AOPO: Reliability	<p>Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance.</p> <p>Contrary to above requirement during the test performed to test reliability of information used to report Rehabilitation of Mamafubedu disposal site indicator identified that the performance is reported as achieved but on inspection of the supporting documents confirmed that the municipality received the licence for the closure of Mamafubedu disposal site on 16/09/2016 from the Department of Economic, Small business development and Environmental Affairs and the landfill site is not rehabilitated as it is still accounted for as landfill site in the asset register.</p>	Management did not monitor and validate the actual achieved performance information included on the portfolio of evidence.	Management should adjust the performance report and reflect the actual performance.	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified before the issue on periodic internal audit reports on Performance Information.	IDP	30-Jun-18	Ongoing
16	Indigents access to free basic water	AOPO: Reliability	Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous	Management did not monitor and validate the actual achieved performance information included on	Management should adjust the performance report and reflect the accurate performance.	Free Basic Services Committee to be inducted and empowered to understand their role and responsibilities.	Manager Revenue: Quarterly verification of indigent Status by Ward committees to be conducted and information	Manager: Revenue, CFO	Resolved during audit	



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			financial year; and measures taken to improve performance.  Contrary to above requirement during the test performed to test reliability of information used to report all registered indigents have access to free basic water identified that the performance is reported is incorrect due to the following: 1. indigents listed below could not be identified on the billing report	the portfolio of evidence.			to be submitted to the Municipality.			
17	Equipping new boreholes in Arlington	AOPO: Reliability	Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance.	Municipality did not verify that the reported performance information is supported by valid supporting documents.	Management should adjust the performance report and reflect the actual performance.	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified before the issue on periodic internal audit reports on Performance Information.	IDP and PMS Manager	Resolved during audit	
18	Equipping new boreholes in Mamafubedu	AOPO: Reliability	Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance.	Management did not monitor and validate the actual achieved performance information included on the portfolio of evidence.	Management should adjust the performance report and reflect the actual performance	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified before the issue on periodic internal audit reports on Performance Information.	IDP and PMS Manager	Resolved during audit	

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19	Mistatements identified on the reported performance information on the APR	AOPO: Reliability	<p>Section 46(1) of the MSA states that a municipality must prepare for each financial year a performance report reflecting—<i>a) the performance of the municipality and of each external service provider during that financial year;</i> <i>b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year;</i> <i>and</i> <i>c) measures taken to improve performance.</i></p> <p>Paragraph 12 of municipal planning and performance management regulation further states - (1) A municipality must, for each financial year, set performance targets for each of the key performance indicators set by it. (2) A performance target set in terms of sub regulation (1) must - (a) be practical and realistic; (b) measure the efficiency, effectiveness, quality and impact of the performance of the municipality, administrative component, structure, body or person for whom a target has been set.</p> <p>Contrary to the requirements of the regulation stated above it was identified that various performance achievements were incorrectly reported on the APR:</p>	Management did not monitor and validate the actual achieved performance information included on the portfolio of evidence.	Management should prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information before disclosing the figures on the AFS.	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified before the issue on periodic internal audit reports on Performance Information.	IDP and PMS Manager	Resolved during audit	
20	Strategic objectives inconsistency	AOPO: Reliability	<i>Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances</i>	Management did not review consistency between the planned performance information on	Management should prepare regular, accurate and complete financial and	Quarterly review of performance information on action assist on the development of	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified	IDP and PMS Manager	Resolved during audit	

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			<i>referred to in paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance. Contrary to above requirement during the work performed on performance information comparing the planned performance as per Service Delivery Budget Implementation Plan (SDBIP) to reported performance per Annual Performance Report (APR) identified that various strategic objectives are included in the APR but it is not included in the SDBIP as indicator/project( list on the finding)</i>	the SDBIP and reported performance information on the APR	performance reports that are supported and evidenced by reliable information before disclosing the figures on the AFS.	an accurate listing for the year.	before the issue on periodic internal audit reports on Performance Information.			
21	Farms provided with clean potable water	AOPO: Reliability	<i>Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance. Contrary to above requirement during the test performed to test reliability of information used to report Farms provided with clean potable water indicator identified that the performance is reported as 4 when the actual performance is 1 as it is identified per portfolio of evidence as the water was only provided to Kaallagte plaas only but not to other three farms Farm (Pantan Plaas, Sterk Spruit plaas, and Sunnyside plaas)</i>	Management did not monitor and validate the actual achieved performance information included on the portfolio of evidence.	Management should adjust the performance report and reflect the accurate performance.	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified before the issue on periodic internal audit reports on Performance Information.	IDP and PMS Manager	Ongoing	
22	Upgrading of water pump station in Lindley and Arlingtong	AOPO: Reliability	<i>Section 46(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and of each external service provider during that financial year; a comparison of the performances</i>	Management did not properly review APR before it was submitted for audit; and	Management should adjust the performance report and reflect the accurate	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified	IDP and PMS Manager	Resolved during audit	

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			<i>referred to in paragraph (a) with targets set for and performances in the previous financial year; and measures taken to improve performance. Contrary to above requirement during the test performed to test reliability of information used to report Upgrading of water pump stations in Lindley and Arlington indicator identified that the performance is reported as partially achieved and on inspection of supporting documents confirmed that the municipality did not complete the project therefore the target is not achieved</i>	ensure proper presentation of actual results achieved.	performance.		before the issue on periodic internal audit reports on Performance Information.			
23	Inconsistencies identified between the SDBIP and the APR	AOPO: Reliability	<p><i>Section 46(1) of the MSA states that a municipality must prepare for each financial year a performance report reflecting—</i></p> <p><i>a) the performance of the municipality and of each external service provider during that financial year;</i></p> <p><i>b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and</i></p> <p><i>c) measures taken to improve performance.</i></p> <p><i>Contrary to the requirements of the section 46 of the MSA the following inconsistencies between the SDBIP and the APR were identified during the audit of performance information:</i></p> <p><i>a) Inconsistencies identified on strategic objectives and performance indicators</i></p>	Management did not review consistency between the planned performance information on the SDBIP and reported performance information on the APR.	Management should: a) properly review the annual performance report to ensure that the planned performance information on the SDBIP is consistent to the reported performance information as per annual performance. b) ensure that the annual performance report is timely prepared to allow sufficient time for	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified before the issue on periodic internal audit reports on Performance Information.	IDP and PMS Manager	Ongoing	

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
					review prior to submission for audit					
24	Misstatements on the Overall presentation of information on the APR	AOPO: Reliability	<i>Section 46(1) of the MSA states that a municipality must prepare for each financial year a performance report reflecting— a) the performance of the municipality and of each external service provider during that financial year; b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and c) measures taken to improve performance. Contrary to the requirements of the section 46 of the MSA the following misstatements and omissions were identified on the APR during the audit of performance information: a) The APR include the column for the annual target only, actual performance is splitted into quarters or reported on specific quarters where the performance was planned and achieved. This format of reporting performance makes it difficult for the user of Performance report to track the actual performance for the current year. b) The following performance information is incorrectly reported as achieved:</i>	Management did not properly review APR before it was submitted for audit.	Management should: a) consider having a separate column for actual performance achieved apart from the information reported per quarter or during specific quarters. The overall actual performance column should be included on the APR. b) prepare the annual performance report timely to allow sufficient time to review the performance report before it is submitted for audit.	Quarterly review of performance information on action assist on the development of an accurate listing for the year.	IDP to regularly liaise with HOD's regarding any information gaps identified and be rectified before the issue on periodic internal audit reports on Performance Information.	IDP and PMS Manager	Ongoing	

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
25	Performance indicators well defined, not measurable, not specific	AOPO: Reliability	<p>Paragraph 9.1 of municipal planning and performance management regulation states -</p> <p>1(a) Municipality must set key performance indicators, including input indicator, output indicators and outcomes in respect of each of the development priorities and objective referred in section 26(c) of the act.</p> <p>(b) A key performance indicators must be measurable, relevant, objective and precise.</p> <p>Paragraph 12 of municipal planning and performance management regulation further states -</p> <p>(1) A municipality must, for each financial year, set performance targets for each of the key performance indicators set by it.</p> <p>(2) A performance target set in terms of sub regulation (1) must -</p> <p>(a) be practical and realistic;</p> <p>(b) measure the efficiency, effectiveness, quality and impact of the performance of the municipality, administrative component, structure, body or person for whom a target has been set.</p> <p>Contrary to the requirements of the regulation stated above it was identified that the following key performance indicators are not well defined and verifiable</p>	Management did not properly apply the SMART criteria (Specific, Measurable, Achievable, Relevant and Time-bound) in developing performance indicators and setting targets.	Management should review the key performance indicators and targets set annually to ensure that the set performance indicators and targets meet the SMART (Specific, Measurable, Achievable, Relevant and Time-bound) criteria.	Management will ensure that future Business Processes are complete in describing the targets and how what measures are in place to ensure that targets are met	Management will plan weekly/ daily as required by performance of system descriptions	IDP and PMS Manager	Ongoing	
26	Bidding process not followed	Procurement	<p>Regulation 19(a) of the Supply Chain Management Regulations states that a supply chain management policy must specify that goods or services above a transaction value of R200 000 (VAT included) and long term contracts may be procured by municipality or municipal entity only through a competitive bidding process, subject to regulation 11(2)</p> <p>Regulation 36(1)(a) of the Supply Chain</p>	non-compliance is as a result of management not ensuring that proper procurement process according to	Management should include the payments indicated in irregular expenditure register and adjust the irregular expenditure	Management will ensure that the municipality adheres to the MFMA and its regulations and will ensure that deviation processes are followed as per prescribed	HODs will plan on time to allow the bidding process and all the deviations will be submitted to the delegated authority for approval. CFO will also ensure	Accounting Officer, CFO. HODs		

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			<p><i>Management Regulations states that a supply chain management policy may allow the accounting officer to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only in an emergency; if such goods or services are produced of available form a single provider only; for the acquisition of special works of art or historical objects where specifications are difficult to compile; acquisitions of animals for zoos; or in any other exceptional case where it is impractical or impossible to follow the official procurement process</i></p> <p><i>Contrary to above requirements during the test performed on bidding the following issues were identified:</i></p> <p><i>1. For the following items procurement process was not followed and based on the total amount paid for related goods or service and inspection of the supporting document identified that the bidding process should have been followed</i></p>	the limits is followed.	amount in the financial statements	legislative prescripts	that the irregular expenditure payments are investigated and included in the list for council's approval			
27	Bidding process non-compliance	Procurement	<p><i>Regulation 22(1)(a) of the Supply Chain Management Regulations states that a supply chain management policy must determine the procurement for the invitation of competitive bids, and must stipulate that any invitation to prospective providers to submit bids must be by means of public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and</i></p> <p><i>Regulation 23(c) of the Supply Chain Management Regulations states that a supply chain management policy must determine the procedure for the handling,</i></p>	management not ensuring that proper procurement process according to the limits is followed.	Management should include the payments indicated in irregular expenditure register and adjust the irregular expenditure amount in the financial statements.	Management will consider conducting training for all SCM officials that are involved in tendering and sourcing of quotations.	SCM Manager will develop a tender/ bidding checklist to ensure that the SCM officials understands the requirements of each threshold. CFO will also arrange a training regarding compilation of Terms of Reference including	SCM, CFO	Daily	Ongoing

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			<p>opening, and recording of bids, and must stipulate that bids may be opened on in public; and must require the accounting officer to record in the register all bids received in time; to make the register available for public inspection; and to publish the entries in the register and the bid results of the municipality or municipal entity</p> <p>Regulation 29(2) of the Supply Chain Management Regulations states that a bid adjudication committee must consist of at least four senior managers of the municipality or municipal entity which must include the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury officer reporting to the chief financial officer and designated by the chief financial officer; at least one supply chain management practitioner who is an official of the municipality or municipal entity; and a technical expert in the relevant field who is an official of the municipality or municipal entity, if the municipality or municipal entity has such an expert</p> <p>Section 112 of the Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following open and transparent pre-qualification processes for tenders or other bids</p>				mandatory documents, advertising, receiving of bids, evaluation and adjudication.			
28	Long-outstanding reconciling items and reconciliation	Internal Control	Section 62(b) of Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality,	internal control deficiency is as a result of management	Management should ensure that the bank reconciliation	Standard Operating Procedure to be prepared on when to prepare the bank reconciliations as	Standard Operating Procedure to be prepared on when to	EXPENDITURE	Clean-up to be done by 31 March	Ongoing



NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
	s not performed on time		<p>and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Section 63(2) of Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality; that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed. Contrary to above requirements on test performed on cash and cash equivalents reconciliations identified the following:</p> <p>1. There were reconciling items from the current period older than 3 months (including items that are more than 36 months) in the bank reconciliation performed by the municipality; and the similar issue was raised in the prior year.</p> <p>2. The following bank reconciliations for Banktel and Operating account were not performed on time</p>	not attending to reconciling items; and not ensuring that prior year audit issues are resolved.	s are timerously prepared; and that reconciling items are cleared on time	well as when the long outstanding items need to be cleared.	prepare the bank reconciliations as well as when the long outstanding items need to be cleared.	MANAGER	2018. Monthly recons it will be done going forward.	
29	Cash book balance not equal to AFS	Cash and cash equivalent	Section 62(b) of Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed	Total payments and receipts since the Munsoft was implemented are presented on the on reconciliation	Management should ensure that the bank reconciliations are properly performed and	Standard Operating Procedure to be prepared on when to prepare the bank reconciliations as well as when the long outstanding items need to be cleared. AFS will	Standard Operating Procedure to be prepared on when to prepare the bank reconciliations as well as when	EXPENDITURE MANAGER	Clean-up to be done by 31 March 2018. Monthly recons it will be	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p><i>norms and standards.</i></p> <p><i>Section 63(2) of Municipal Financial Management Act, 2003 (Act 56 of 2003) states that the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality; that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.</i></p> <p><i>Contrary to above requirement during the process of testing cash and cash equivalent the identified that the cash book balance as per bank reconciliation statement is not equal to the balance in the financial statements as detailed below</i></p>	statements as outstanding items.	supported by valid documents.	be properly reviewed to identify any misstatements	the long outstanding items need to be cleared.		done going forward.	
30	Difference on VIP Report and GL/AFS	Employee cost	<p><i>Section 62(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Contrary to above requirements during the process of comparing the information from VIP (HR System) to General ledger (GL) identified the differences</i></p>	Lack of review of the financial systems	Management should adjust the financial statements in respect of differences identified; or provide more information on the reports	Proper consultation will be done with Internal Audit, before finalising the AFS, to avoid occurrences of this nature.	CFO will adjust the AFS where necessary	EXPENDITURE MANAGER	Clean-up to be done by 31 March 2018. Monthly reconcs will be done going forward.	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
31	Third party not paid on time	Non compliance	<p><i>Audit finding</i>  Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p><i>Contrary to the above it was identified that payments made to SALA Pension funds were not done within the 7 days of the next month as required</i></p>	Lack of management oversight to ensure that the payments to third parties are done within 7 days of the next month.	Management implements a process of ensuring that the payments to third parties are made within 7 days of the next month	Management to ensure that the payments to the pension fund are made on time	Management to ensure that the payments to the pension fund are made on time	CFO	Monthly	Ongoing
32	No supporting documents for Ward committee members appointed	Follow up on prior year	<p><i>Section 62(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that:</i>  <i>The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure -</i>  <i>(a) that the resources of the municipality are used effectively, efficiently and economically;</i>  <i>(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;</i>  <i>(c) that the municipality has and maintains effective, efficient and transparent systems -</i>  <i>(i) of financial and risk management and internal control; and</i>  <i>(ii) of internal audit operating in accordance with any prescribed norms and standards;</i>  <i>and</i>  <i>(d) that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented</i>  <i>Contrary to the above mentioned</i></p>	Lack of management oversight to ensure that supporting documentation is available before payments are made to the ward committee members	<ul style="list-style-type: none"> <li>Management implements a process of ensuring that supporting documentation (ID, appointment letters etc.) is available at the municipality to substantiate the payments made to the ward committee members.</li> </ul>	Management will ensure that records are maintained for all expenditure incurred by the municipality.	Management will ensure that records are maintained for all expenditure incurred by the municipality.	Director: Corporate Service	Monthly	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>requirement during the testing of employee cost (follow up of prior misstatement) it was confirmed that there are still no formal documents kept by the municipality (ie. ID documents of the members, any signed letters that they are ward committee members, the minutes when they were appointed and when new ones are added and vice versa), but only a list of members appointed is available.</p> <p>It was noted that the ward community members were elected by the community to assist ward councillors within their respective wards. However, there was no supporting documentation available to confirm the election or appointment of the ward committee members being paid by the municipality.</p>							
33	Human resource plan not approved	Non-compliance	<p>Section 66(1)(a) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) states that a municipal manager, within a policy framework determined by the municipal council and subject to any applicable legislation, must develop a staff establishment for the municipality, and submit the staff establishment to the municipal council for approval.</p> <p>Contrary to above requirement during the process of obtaining an understanding of entity's internal control relevant to the audit, it was identified that the municipality does not have an approved human resource plan.</p>	lack of oversight from management to ensure human resource plan is regularly reviewed and approved on time.	Management should ensure that the municipality has an approved human resource plan.	Management will ensure that a draft plan is submitted to the Council for approval	Management will ensure that a draft plan is submitted to the Council for approval	HR: Manager	31-Mar-18	Ongoing
34	Payroll certification not performed	Employee cost	Section 62(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that: The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:	Heads of departments are not delegated the responsibility of payroll certifications.	Management should ensure that payrolls for each pay-point are adequately	Management will ensure that payroll certification is done on month as per the department	Management will ensure that payroll certification is done on month	Manager: Expenditure	Monthly	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>(c) that the municipality has and maintains effective, efficient and transparent systems (i) of financial and risk management and internal control and (ii) of internal audit operating in accordance with any prescribed norms and standards. During the testing of employee cost it was noted that payroll printouts for each pay-point are not done, hence they are not adequately certified by the heads of the departments and timeously returned to the payroll-office on a monthly basis. Therefore, there is no assurance that information is correct or that all employees do exist at that pay point/department. Even though the employees signed for pay slips on 30 June 2017 it is not adequate because not all employees come to collect pay slips every month.</p>		<p>certified by the heads of the departments before final payments are done for the month. The payroll certification should make provision for the signature of the employee as proof of receipt of payment and existence of the employee. The Heads of departments must certify that all staff paid in his/her department exist and received the remuneration for the month.</p>					
35	Acting position term exceeded and critical posts not filled	HR Management Compliance	<p>Section 56(1)(a) of Municipal Systems Act (Act 32 of 2000) states that municipal council, after consultation with the municipal manager, must appoint:</p> <p>(i) a manager directly accountable to the municipal manager; or</p> <p>(ii) an acting manager directly accountable to the municipal manager under circumstances and for a period as prescribed.</p>	Lack of management oversight to ensure that the action plan for the prior year audit findings are implemented	It is recommended that management should implement a process to address actions plans	Adhere to Municipal Systems Act and Regulations on appointment and condition of employment of Senior Managers directly	update the Acting policy to include a limit of 4 months to act in a certain position.	HR Manager,	31-Mar-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>(c) A person appointed in terms of paragraph (a) (ii) may not be appointed to act for a period that exceeds three months: Provided that a municipal council may, in special circumstances and on good cause shown, apply in writing to the MEC for local government to extend the period of appointment contemplated in paragraph (a), for a further period that does not exceed three months.</p> <p>(3) If a post referred to in subsection (1) (a) (i) becomes vacant, the municipal council must—</p> <p>(a) advertise the post nationally to attract a pool of candidates nationwide; and</p> <p>(b) select from the pool of candidates a suitable person who complies with the prescribed requirements for appointment to the post.</p> <p>(1) The acting Chief financial officer has acted on the position from 25 March 2015 to the current date and critical positions are not filled, Managers might not have the required time to carry out their tasks and duties as they might be fulfilling the roles of more than one employee</p> <p>(2) Head of supply chain management has been vacant for a long time (50 months)</p>	in a timely manner	for the prior year audit findings in a timely manner.	accountable to the MM and human resource policy for the acting of any other official				
36	IT Access Controls & Authorisation Matrix	Internal Control Deficiency	Section 62(1)(c)(i) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003) states the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.	Weakness in control is as a result of management not ensuring that controls designed on IT environment are	Management should ensure that the controls are designed to ensure segregation of duties; and ensure that	Management will ensure that the General access controls are implemented adequately.		IT Manager	31-Mar-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p><i>Contrary to above requirement during the process of obtaining an understanding of entity's internal control relevant to the audit identified the following internal control deficiencies:</i></p> <p><i>1. Management has designed security measures that prevent unauthorised access to the application systems that generate information used to prepare financial statements by monitoring of access to the VIP and Munsoft system where an access to network form is to be filled and signed monthly by all employees who require access to the respective systems and thereafter the IT unit reconciles the forms to the systems before granting access. However, it was identified that the process is not implemented.</i></p> <p><i>2. There are no controls in place for user access to systems to ensure adequate segregation of duties when transactions are captured and approved on Munsoft system with no authorisation matrix in place and 41 supervisors with the same access modules.</i></p>	implemented; and management has not communicated allocations of access hierarchy for the IT department to be able to apply system user and authorisation matrix	designed controls in respect of user access management are implemented .					
37	Non-compliance External Quality Assurance Assessment	Internal Audit	<p><i>Section 62(c)(ii) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of internal audit operating in accordance with any prescribed norms and standards According to paragraph 1312 of International Standard for the Professional Practice of Internal Auditing external assessments must be conducted at least</i></p>	Management oversight	Management should consider the auditors finding and ensure that the internal audit function is reviewed in accordance with the requirements of the	Management will ensure that the Internal Audit Function is reviewed according to IIA standards,	Management will ensure that the Internal Audit Function is reviewed according to IIA standards,	Internal Audit Manager	31-May-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:</p> <ul style="list-style-type: none"> <li>• The form and frequency of external assessment.</li> <li>• The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.</li> </ul> <p>Contrary to above requirements, during the assessment of internal audit function it was identified that the internal audit unit of the municipality has not been independently assessed by a qualified, independent assessor or assessment team from outside the municipality.</p>		Institute of Internal Auditor (IIA).					
38	Internal Audit Planned not carried as planned	Internal Audit	<p>Section 165(2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the internal audit unit of a municipality or municipal entity must prepare a risk-based audit plan and an internal audit program for each financial year.</p> <p>Section 165(2)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the internal audit unit of a municipality or municipal entity must advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:</p> <ul style="list-style-type: none"> <li>i. internal audit;</li> <li>ii. internal controls;</li> <li>iii. accounting procedures and practices;</li> <li>iv. risk and risk management;</li> <li>v. performance management;</li> <li>vi. loss control; and</li> <li>vii. Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.</li> </ul> <p>Contrary to above requirements, during the process of obtaining an understanding of municipal environment identified that the</p>	Deficiency occurred due to internal audit capacity constraints	Municipality should ensure that the internal audit function is sufficiently resourced and the planning of work to be performed by internal audit function is done based on available resources.	Municipality will ensure that the internal audit function is sufficiently resourced or consider appointing a consultant		Internal Audit Manager	31-Mar-18	Ongoing



NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<i>municipality planned to carry out 26 audits during 2016/17 financial year but only 6 audits were conducted and reported. Refer to the table below for number of audits that were planned and approved by audit committee</i>							
39	Internal Audit Manager post not permanent appointed	Internal control	<p><i>In terms of section 216(1)(c) of the Constitution of the Republic of South Africa, (Act 108 of 1996), national legislation must prescribe measures to ensure both transparency and expenditure control in all spheres of government by introducing uniform treasury norms and standards.</i></p> <p><i>In accordance with circular 65 issued in terms of Municipal Financial Management Act, 2003 (MFMA 56 of 2003) the role of the chief audit executive is to provide advice, counsel, and opinion regarding the organisation's efficiency and effectiveness in risk management, internal control and governance processes and performance management. The chief audit executive should be permanently appointed at a senior manager level, reporting directly to the Municipal Manager.</i></p> <p><i>Contrary to above requirement during the assessment of municipal control environment identified that the post of Head of Internal Audit is not permanently filled since 25 March 2015.</i></p>	Internal control deficiency is caused by the municipality allowing acting in vacancies instead of filling them; the Head of Internal Audit is acting in another vacant post	Management and audit committee should ensure that the post of Head of Internal Audit is permanently filled.	Management will consider appointing an Audit Manager and revising the Acting policy to include a limit on the months of acting.	Management will consider appointing an Audit Manager and revising the Acting policy to include a limit on the months of acting.	Accounting Officer	30-Jun-18	Ongoing
40	Financial System	Internal Control Deficiency	<i>Section 62(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable</i>	Lack of proper review of the financial statements.	Management should ensure that the financial statements are reviewed	Management will ensure that AFS are reviewed properly and Internal audit is consulted for an		CFO	31-Jul-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>Contrary to above requirement, during the comparison of the financial statements to financial system (General Ledger/Munsoft) identified that there are expenditure accounts mapped as income and there are income accounts mapped as expenditure,</p>		for errors and correct the system.	independent review. All necessary adjustments will be considered by management.				
41	Fraud Prevention Plan not approved	Internal control deficiency	<p>Section 62(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>Contrary to above requirements, during the process of obtaining an understanding of municipal environment identified that the municipality did not put in place fraud prevention mechanisms developed and implemented as the municipal fraud prevention plan is not approved.</p>	Lack of oversight from management to ensure that policies and procedures are regularly reviewed.	Management should ensure that the municipality has an approved fraud prevention plan	Management will consider developing and implementing a fraud risk plan. The above will also incorporate fraud awareness.	Appointment of external service provider if there are no resources within the municipality	31-Mar-18		Ongoing
42	VIP Report incorrect information	Internal Control Deficiency	<p>Section 62(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p>	Lack of review of the financial system.	Management should ensure that the financial systems are reviewed for errors and correct the system.	Management will ensure that the financial systems are reviewed and errors are corrected	Management will ensure that the financial systems are reviewed and errors are corrected	CFO/ Manager Expenditure	Monthly	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<i>Contrary to above requirements on comparison of VIP Report to amounts disclosed in the financial statements identified difference. On follow-up of differences with management established that the VIP reported amounts under incorrect allowances/headings.</i>							
43	No supporting documents for approval of the post advertised	Internal control deficiency	<p><i>Paragraph 3.1.3 of the recruitment policy states that the Municipal Manager shall, unless he has issued delegations to any other authority, have an oversight role in the staff establishment of the municipality. Therefore, all requests for new positions and/or unfreezing of the posts must be approved by the Municipal Manager or his delegated authority.</i></p> <p><i>Contrary to the above, no evidence could be obtained that Municipal Manager approved the following post before it was advertised:</i></p> <p><i>Post name : Manager road and storm</i>  <i>Closing date: 25/11/2016</i>  <i>Unit: Rietz</i>  <i>Requirements: Bachelor's degree/B-Tech or National Diploma in Civil Engineering</i></p> <p><i>Paragraph 3.1.3 of the recruitment policy states that the Municipal Manager shall, unless he has issued delegations to any other authority, have an oversight role in the staff establishment of the municipality. Therefore, all requests for new positions and/or unfreezing of the posts must be approved by the Municipal Manager or his delegated authority.</i></p> <p><i>Contrary to the above, no evidence could be obtained that Municipal Manager approved the following post before it was advertised:</i></p>	Lack of management oversight to ensure that the action plan for the prior year audit findings is implemented in a timely manner.	Management should ensure that the approved document by Municipal Manager is kept in the file with the advertisement of the post	Management will ensure that the recruitment policy is adhered to in the appointment of officials.	Recruitment checklist will be implemented by the HR Manager	HR Manager,		

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			<p>Post name : Manager road and storm</p> <p>Closing date: 25/11/2016</p> <p>Unit: Rietz</p> <p>Requirements: Bachelor's degree/B-Tech or National Diploma in Civil Engineering</p>							
44	Entity's internal control environment	Internal control deficiency	<p>Section 66(1) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) states that a municipal manager, within a policy framework determined by the municipal council and subject to any applicable legislation, must develop a staff establishment for the municipality, and submit the staff establishment to the municipal council for approval; provide a job description for each post on the staff establishment; attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation; and establish a process or mechanism to regularly evaluate the staff establishment and, if necessary, review the staff establishment and the remuneration and conditions of service. Section 67(1)(d) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) states that a municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72 (1) (c), to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of performance of staff. Contrary to above requirement during the process of obtaining an understanding of entity's internal control relevant to the audit identified the following internal control deficiencies: 1. Management does not identify and defines tasks, roles and resources required to accomplish the entity's objectives due to the</p>	Lack of management oversight to address findings raised by the external auditors that has caused these issues to remain outstanding.	Management should ensure that: 1. An organisational structure is regularly reviewed, 2. Human Resource plan is approved and implemented, 3. Job descriptions are developed for all the levels of staff, 4. Posts are permanently and timorously filled, 5. Less reliance is placed on the use of consultants, skills must be transferred to own staff, 6. Policies and procedures are regularly reviewed,	Management will act on the recommendations by AG. In any case where there are no experties to perform the recommendation, consultants will be used and the relavant skills trasfer plan will be required from consultant.		HR Manager, MM	30-Jun-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			following:2. 1. Municipality does not have in place an updated organogram as the applicable organogram was last updated in 2014/15,2. Municipality does not have in an approved human resource plan,3. Job descriptions for junior staff member are not developed except for directors,4. Most of the positions are filled through acting due to staff shortage, and 5. Reliance is placed on consultants to prepare assets register and financial statements because there are no resources suitably qualified to perform those tasks. 2. There are no policies and procedures that reflect expectations of competency necessary to support the achievement of the entity's objectives as municipal recruitment policy was last signed on 01/12/2008. 3. Employees' performance is not regularly monitored and evaluated based on predetermined criteria and signed performance agreements in order to identify areas of improvement and areas where employees are performing well as the municipality has performance assessment for directors only and no performance management system for other staff members.		and7. Performance management system is developed, approved and implemented for all levels of staff.					
45	Approved delegation system	Non-compliance	Section 59(1) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipal council must develop a system of delegation that will maximise administrative and operational efficiency and provide for adequate checks and balances, and, in accordance with that system, may delegate appropriate powers, excluding a power mentioned in section 160 (2) of the Constitution and the power to set tariffs, to decide to enter into a service delivery agreement in terms of section 76 (b) and to approve or amend the municipality's integrated development plan, to any of the municipality's other political structures, political office bearers, councillors, or staff	Non-compliance with laws and regulations	Management should ensure that the municipality develop in writing and approve system of delegations.	Accounting officer in consultation with the HODs will develop the Delegation of Authority (DOA) as well as financial delegations to ensure that there is segregation of duties and submit to the Council for approval		MM, HR Manager	31-Mar-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>members</p> <p>Section 59(2) of Municipal Systems Act, 2000 (Act 32 of 2000) states that a delegation or instruction in terms of subsection (1) must be in writing.</p> <p>Contrary to above requirement, during the process of understanding the municipal environment it was identified that the municipality does not have the approved system of delegations in writing.</p>							
46	Non-compliance with MFMA not disclosed	Other disclosure	<p>Section 122(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Section 125(1)(e) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states the notes to the notes to the annual financial statements of a municipality or municipal entity must disclose the following information particulars of non-compliance with this Act</p> <p>Contrary to above during the performance of compliance evaluation identified instances of non-compliance with sections of MFMA as detailed in the table below. However, municipality did not disclose instances of non-compliance in the financial statements.</p>	Misstatement is as a result of lack of review of work performed by consultants in preparation of financial statements	Management should adjust the financial statements and include the details of non-compliance identified.	We will adjust the AFS where necessary as recommended by AG and non compliance disclosures will be done.		CFO/manager budget	31-Jul-18	ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
47	Difference between financial system and financial statements	Other disclosure:	<p><i>Section 122(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year. Contrary to above requirements during the test performed on additional disclosure in terms of Municipal Finance Management Act (MFMA) to confirm amount disclosed we identified differences</i></p> <p><i>Section 125(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states the notes to the financial statements of a municipality must include the total amount of contributions to organised local government for the financial year, and the amount of any contributions outstanding as at the end of the financial year.</i></p>	Management should adjust the financial statement with the correct amount of contributions.	Management should adjust the financial statement with the correct amounts that correspond with amounts in other sections of financial statements	We will adjust the AFS where necessary as recommended by AG and non compliance disclosures will be done.		CFO/ manager budget	31-Jul-18	ongoing
48	MFMA s125 (1)(b)(effect on general expenditure)	Other Disclosures	<p><i>Section 122(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</i></p> <p><i>Section 125(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states the notes to the financial statements</i></p>	Management should adjust the financial statement with the correct amount of contributions.	Management should adjust the financial statement with the correct amount of contributions.	We will adjust the AFS where necessary as recommended by AG and non compliance disclosures will be done.		CFO/ manager budget	31-Jul-18	ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>of a municipality must include the total amount of contributions to organised local government for the financial year, and the amount of any contributions outstanding as at the end of the financial year.</p> <p>Contrary to above requirements during the test performed on additional disclosure in terms of Municipal Finance Management Act (MFMA) to confirm amount disclosed as total contributions to South African Local Government Association (SALGA) identified the following items:</p> <p>1. Amount disclosed as contributions is R782 040,00 and the supporting document for levy charged was submitted; and through inspection of the financial statements identified that management accounted for amount in the financial statements as expenditure at R34 000,00</p>							
49	Incorrect amount used for benefits paid	Employee benefits obligation	<p>Paragraph 53 of GRAP 25 states that -when an employee has rendered service to an entity during a reporting period, the entity shall recognise the contribution payable to a defined contribution plan in exchange for that service:</p> <p>(a) as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and</p> <p>(b) as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset (see, for example, the Standards of GRAP on Inventories, Property, Plant and Equipment,</p>	Management did not provide the actuaries with the actual payment made for the year ended 30 June 2017 when they were submitting data.	Management should ensure that they submitted accurate and complete information/data to the actuaries at year end.	Management will quantify the actual payments towards long service rewards and adjust the AFS accordingly.		CFO		expert consultants to be appointed



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			<p><i>Intangible Assets and Heritage Assets).</i></p> <p><i>Paragraph 78 GRAP 25 states that- A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan, for example, when a lump-sum cash payment is made to, or on behalf of, plan participants in exchange for their rights to receive specified post-employment benefits.</i></p> <p><i>During the audit of post- employment benefits it was noted that the actuaries used the estimated amount to determine the amount of benefits paid instead of the actual payment made during the year.</i></p>							
50	No sufficient fund to settle the obligation	Employee benefit obligation	<p><i>Section 62(1)(b) of MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. During the audit procedures performed on the employee benefit obligations it was determined that the municipality does not have sufficient funding to settle the medical aid employee benefit obligation and the long service award benefit obligation. A comparison was made between the present value of the employee benefit obligation (Post-retirement Medical aid and Long service awards) disclosed on 30 June 2017 as R10 629 000. The municipality has an overdraft of R2 480 239 as at 30 June 2017. A similar finding was reported on 2015/2016 management report.</i></p>	Management did not ensure that sufficient funds would be available in the future to settle the obligations in the financial statements	Management should implement a process of identifying investment opportunities which would assist the municipality with the funding for these future obligations.	Management will implement a process of identifying investment opportunities which would assist the municipality with future obligations. The municipality is currently under development with OK Stores and other garage coming soon, this will increase revenue through water, rates and electricity costs.	EQS will be subsidised	MM, CFO, HODs	As and when	ongoing

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51	Unauthorised expenditure, non compliance with S32(4) MFMA	Non Compliance	<p><i>Section 32(4) of the MFMA state that the accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of-</i></p> <p><i>(a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;</i></p> <p><i>(b) whether any such person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure, and</i></p> <p><i>(c) the steps have been taken to recover or rectify such expenditure and to prevent a recurrence of such expenditure.</i></p> <p><i>Section 122(1) of the MFMA further states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</i></p> <p><i>Contrary the requirements of section 32(4) of the MFMA, the reports sent to the mayor, MEC for local government in the province and the Auditor-General, regarding unauthorised, irregular and fruitless and wasteful expenditure could not be obtained</i></p>	Management did not prepare and submit section 32 reports as required by MFMA.	<p>Management should:</p> <p>a) ensure that section 32(4) MFA reports are prepared reviewed and timely submitted to the office of the mayor, MEC for local government and the office of the Auditor General.</p> <p>b) ensures that Financial statements are prepared timely to allow sufficient time for review and all supporting schedules to the Financial statement are submitted for the audit.</p>	Strict adherence to Section 32 of the MFA and AFS will be prepared on time to allow the review process		CFO	Continuous	ongoing
52	Difference between Register and AFS	Irregular Expenditure	<p><i>Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and</i></p>	Lack of management oversight to ensure all amounts are included in the register for	Management should ensure that register for Irregular Expenditure is presented	We will ensure that the register for Irregular Expenditure is presented in the correct format with opening balances		CFO/ Manager Budget	31-Jul-18	Ongoing

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			<p><i>proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</i></p> <p><i>Contrary to the above requirements, it was noted that the register for Irregular Expenditure does not include the opening balance (prior year closing balance).</i></p>	Irregular Expenditure.	in the correct format by including all opening balance items from previous years.	as per AG recommendation				
53	Difference between AFS and Report	Fruitless and wasteful expenditure	Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.	Lack of management oversight to ensure all amounts as per register for Fruitless and Wasteful Expenditure are disclosed in the correct format	Management should ensure that all amounts as per register for Fruitless and Wasteful Expenditure are disclosed accurately line by line and are in the correct format.	We will ensure that the register for Fruitless and Wasteful expenditure is presented in the correct format with opening balances as per AG recommendation		CFO/ Manager Budget	31-Jul-18	Ongoing
54	Disciplinary Board	Consequence Management	<p>Paragraph 4 of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings of 30 May 2014 states that:</p> <p>4. (1) A municipal council or board of directors of a municipal entity must establish a disciplinary board to investigate allegations of financial misconduct in the municipality or municipal entity, and to monitor the institution of disciplinary proceedings against an alleged transgressor.</p> <p>(2) A disciplinary board is an independent advisory body that assists the council or the board of directors with the investigation of allegations of financial misconduct, and provide recommendations on further steps to be taken regarding disciplinary proceedings, or any other relevant steps to be taken.</p>	Lack of monitoring to ensure that management comply with all municipal legislation	Council should establish a disciplinary board to adhere to the regulations of 2014 and if the municipality does not have sufficient capacity to establish a disciplinary board, a disciplinary	Financial Misconduct board will be established. Council and District Municipality will be consulted to assist with the establishment of the Committee by the end of January 2018		Accounting Officer		

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			<p>(3) A disciplinary board must consist of maximum five members appointed on a part-time basis by the council or board of directors for a period not exceeding three years, in accordance with a process as determined by the municipal council or board of directors.</p> <p>(4) A member of a disciplinary board must-</p> <p>(a) be a natural person;</p> <p>(b) be a citizen or permanent resident of the Republic and resident in the province where the municipality is situated; and</p> <p>(c) not be disqualified under sub-regulation (5).</p> <p>(5) The following persons are disqualified from membership of a disciplinary board: a person who has been convicted of an offence in terms of this regulation or any other legislation;</p> <p>(b) a person who, whether in the Republic or elsewhere, has been convicted of theft, fraud, forgery, the uttering of a forged document or any offence of which dishonesty is an element;</p> <p>(c) a person who has at any time been removed from any office of trust on account of misconduct or dishonesty;</p> <p>(d) an accounting officer of a municipality or municipal entity;</p> <p>(e) a political office-bearer or a member of a board of directors; and</p> <p>(f) a person who is an office-bearer in a political party.</p> <p>(6) A disciplinary board may consist of-</p> <p>(a) the head of the internal audit unit within the municipality or municipal entity or representative of an organisation performing internal audit functions for the municipality or municipal entity if the internal audit function is outsourced;</p> <p>(b) one member of the Audit Committee of the municipality or municipal entity;</p> <p>(c) a senior manager from the legal division in the municipality or municipal entity;</p>		board established by a district municipality or an equivalent provincial or national structure established for a similar purpose may, with approval of the district municipality or provincial or national structure, be used as a disciplinary board for the municipality or municipal entity.					

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			<p>(d) a representative of the National Treasury or the provincial treasury; and</p> <p>(e) any other person as may be determined by the municipal council or board of directors of a municipal entity.</p> <p>(7) If an official referred to in sub-regulation (6)(a) or (c) is implicated in the financial misconduct, the municipality or municipal entity may co-opt a senior manager in another unit, who does not have a conflict of interest.</p> <p>(8) If a municipality or municipal entity does not have sufficient capacity to establish a disciplinary board, a disciplinary board established by a district municipality or an equivalent provincial or national structure established for a similar purpose may, with approval of the district municipality or provincial or national structure, be used as a disciplinary board for the municipality or municipal entity.</p> <p>The municipality council did not establish a disciplinary board that assists the council with the investigation of allegations of financial misconduct, and provide recommendations on further steps to be taken regarding disciplinary proceedings, or any other relevant steps to be taken.</p>							
55	Incorrect deprecation and value of assets	PPE	<p>Section 122(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Paragraph 06 of Standard of Generally</p>	Lack of management oversight in reviewing computations made in the asset register to ensure that calculated inputs such as depreciation are performed accurately	Management is urged to review the whole population to ensure that depreciation is accurately recorded and adjust financial statements.	Review the depreciation population, recalculate and make necessary adjustments. Management will ensure that work of consultants is properly reviewed before finalising the AFS	CFO -Updating asset register with all the correct depreciation amounts  Ensure that all the supporting documentation are kept safe for audit purposes	CFO, Manager Budget	30-Jun-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>Recognised Accounting Practice (GRAP 17) states that depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.</p> <p>Paragraph 33 of Standard of Generally Recognised Accounting Practice (GRAP 17) states that after recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.</p> <p>Contrary to the above: During the testing of PPE, depreciation discrepancies were identified for the following:  Infrastructure (Sewarage) - R140 018.36  Infrastructure (Roads) - R12 282.42  Infrastructure (Water) - R388 386.17  Infrastructure (Electricity) - R75 701.49  Infrastructure (Building) - R460 001.00</p>				<p>Processing correction of error journals on the system to update all the book values that were incorrectly stated</p> <p>CFO &amp; Project Managers: Asset verification process should be performed whereby all assets are physically assessed to determine their condition.</p>			
56	Difference between FAR and AFS	PPE	<p>Section 122(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Contrary to above requirement on comparison of amounts of PPE disclosed note 12 of the financial statements and</p>	Management did not review the work performed by consultants.	Management should adjust the financial statements to reflect the actual carrying amounts of the assets as per asset register	Adjust the AFS with correct book values. Management will ensure that in future, work of consultants will be properly reviewed regularly to prevent incorrect amounts being disclosed in AFS.	<p>CFO -Updating asset register with all the correct amounts</p> <p>Ensure that all the supporting documentation are kept safe for audit purposes</p> <p>Processing correction of error journals on the system to update all</p>	CFO/ Manager Budget	31-Jul-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			comparing amounts to the asset register identified the differences				the book values that were incorrectly stated  CFO & Project Managers: Asset verification process should be performed whereby all assets are physically assessed to determine their condition.			
57	WIP overstatement	PPE	Section 62(1)(b) of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards Section 122(1)(a) of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; During testing performed to confirm the values of individual projects completed in the current	Management did not properly review the work performed by consultants	Management should review the supporting documents, reconcile the information, and adjust the financial statements.	The Accounting Officer: Factor in the Action Plan on the Performance Agreements of all Senior Managers. Prepare AFS and submit to IA and AG for preliminary audit. Develop a Standard Operating procedure for assets from Expenditure, WIP, capitalisation and depreciation. Develop a Standard Operating procedure for Contract Management .Appoint a person responsible for	CFO -Updating asset register with all the payment voucher information for assets that were incorrectly capitalised. Expenditure: Scanning all vouchers into an electronic document management system to ensure that they are easily available when needed for audit. Processing correction of	CFO Manager Infrastructure- Monthly	Jun-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			financial year, identified differences between the project completion certificates from projects consultants and assets register			Asset Management. On completion of projects the I&P department to submit componentised of quantities with clear lifespan for each asset. Resuscitate Asset Management Committee	error journals on the system to update all the WIP that was erroneously not recognised. Project Management unit to do monthly reports on all active projects. CFO to Capitalise asset at completion stage. CFO & Project Managers: Asset verification process should be performed whereby all assets are physically assessed to determine their condition. I&P - Standardise Completion Certificates for all projects.			
58	Infrastructure assets additions support document not provided	PPE	Section 62(1)(a)-(d) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively efficiently and economically; that full and proper records of the financial affairs of the	Misstatement occurred due to improvements made on completed project 7, 9 and 19. However, supporting	Relevant invoices or equivalent supporting documents amounting to R3 309 597.69 should be provided by	Management will change the addition date of the project on the asset register to 09 July 2015. As per the completion certificate. In future management will record expenditure	CFO will make the necessary adjustments into the depreciation amount as the AG recommendation	CFO/ Manager Budget	30-Jun-18	Ongoing



NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>municipality are kept in accordance with any prescribed norms and standards; (c) that the municipality has and maintains effective efficient and transparent systems - (i) of financial and risk management and internal control; and (ii) of internal audit operating in accordance with any prescribed norms and standards; and that unauthorised irregular or fruitless and wasteful expenditure and other losses are prevented.</p> <p>Contrary to above requirement during the test performed on current year additions in assets, identified that an asset detailed in the table below is transferred from WIP to additions in 2016/17. However, on inspection of completion certificate supporting the transfer identified that the completion certificate for installation of water meters at Petsana (NKT126/2014) by Twin Peaks Technologies is dated 09 July 2015 which does not fall within the current period.</p>	documents for improvement could not be provided.	management to confirm that the transactions were recorded in the correct financial period.	in the year when costs were incurred. Management will also ensure that in future, records are kept properly by engaging electronic document management company.				
59	Duplicated assets numbers in Fixed Asset Register	Internal Controls	<p>Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Contrary to above during the test performed on assets identified the following issues:</p> <ol style="list-style-type: none"> <li>1. The following items shared the same barcodes:</li> <li>2. <ol style="list-style-type: none"> <li>1. Office home and office 2010 and Ms Office 2010 Home and business have the same barcode of S0052.</li> <li>2. Printer receipts and spectra colour screen</li> </ol> </li> </ol>	Management does not review the registers submitted by consultants.	Management should review the FAR and ensure that the Fixed Asset Register is reconcilled on a monthly basis.	The Accounting Officer: Factor in the Action Plan on the Performance Agreements of all Senior Managers. Accounting Officer will consider appointing an official responsible for Assets.	CFO & Project Managers: Asset verification process should be performed whereby all assets are physically assessed to determine their condition. CFO to ensure that the FAR balances every month and investigate any variances	Accounting Office, CFO	30-Jun-18	ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>have the same barcode of 20579</p> <p>3. Printer receipts and spectra colour screen &amp; printer have a similar barcode of 20581</p> <p>4. A 3-bar heater and Microcline printer have the same barcode of 20129</p>							
60	Limitation of scope	Payables	<p>Section 62(1) (b) of MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Paragraph 15(a) of the Public Audit Act No. 25 of 2004, states that when performing an audit referred to in section 11, the Auditor-General or an authorised auditor has at all reasonable times full and unrestricted access to any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee.</p> <p>The municipality did not submit the following information , requested in RFI 18 The due date for this RFI was the 16th of October 2017</p> <p>a) Reconciliation and supplier statements at 30 June 2017</p>	The municipality does not attend to the RFI's in time and do not respond to RFI's in the given time	Management should implement the process of obtaining proper supporting evidence , and submit requests in the given period	Management will appoint a task team that will be assisting the auditors with all requests. Accounting Officer will also consider factoring the the "AUDIT" action plan into performance reviews as well as disciplinary actions should be will be taken against individuals who are not complying.		EXPENDITURE MANAGER	Clean-up to be done by 31 March 2018. Monthly recons it will be done going forward.	Ongoing
61	Limitation of scope - invoices not submitted	Bulk purchases	Section 62(1)(b) of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records	Lack of attendance to request for information	Management should ensure that all payments are recorded and that all supporting	Management will appoint a task team that will be assisting the auditors with all requests. Accounting Officer	Proper documentations will be kept for audit purposes	Manager: Expenditure	ongoing	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Contrary to above requirements Request for Information (RFI) number 07 of 2017 was issued on 28 September 2017 and due on 02 October 2017; and the following information was not submitted for audit of Bulk Purchases - Water.		documentation are submitted for all 12 months in the year relating to Bulk purchases.	will also consider factoring the the "AUDIT" action plan into performance reviews as well as disciplinary actions should be will be taken against individuals who are not complying.				
62	3 Quotations/valid contract not obtained	Compliance	<p>The Municipal Supply Chain Management Regulation section 12(1) provides for the following range of supply chain management processes that the municipalities or municipal entities must use;</p> <ol style="list-style-type: none"> <li>1. petty cash purchases, up to a value of R2 000 (Vat included)</li> <li>2. written or verbal quotations for procurements of a transaction value over R2 000 up to R 10 000 (Vat included);</li> <li>3. formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (Vat included);</li> <li>4. a competitive bidding process for:-               <ol style="list-style-type: none"> <li>i) procurement above a transaction value of R200 000 (Vat included)</li> <li>ii) the procurement of long-term contracts</li> </ol> </li> </ol> <p>Contrary to the above requirement it was noted that the municipality did not attach three (3) quotations or proof of a valid contract to the payments</p>	Management might have not follow supply chain management processes to ensure that the required amount of quotations are obtained prior to making purchases.	Management should ensure that 3 quotations are obtained and attached to the payment for transactions ranging from R2 000 - R200 000. Management should ensure compliance with the applicable laws and regulations.	Develop a Standard Operating procedure for Contract Management. Corrective actions to be considered on individuals who did comply with the legislative prescripts	CFO that the contract ends date is included in the contract register however the contract has a contract end date and will make sure three quotations are obtained or deviation will be done to motivate the reason for not receiving three quotations	CFO/Manager: SCM	Monthly	Ongoing
63	Limitation of scope	Expenditure - Contracted Services	Section 62(1)(b) of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are	Lack of attendance to request for information.	Management should submit all outstanding supporting documentation for audit.	Management will appoint a task team that will be assisting the auditors with all requests. Accounting Officer will also consider		EXPENDITURE MANAGER	Clean-up to be done by 31 March 2018. Monthly	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>kept in accordance with any prescribed norms and standards.</p> <p>During the audit of expenditure-Contracted services , the certain supporting documentation was not submitted.</p>			factoring the the "AUDIT" actio plan into performance reviews as well as disciplinary actions should be will be taken against individuals who are not complying.				
64	Difference between AFS and General Ledger	Expenditure	Section 62(1) (b)of the Municipal Finance Management, Act No. 56 of 2003, (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.Paragraph 17 of GRAP 1 Presentation of Financial Statements states financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria of assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. During the audit of expenditure, it was noted that the amount disclosed in the Annual Financial Statements does not agree to the amount as per the General Ledger:	Lack of management review to ensure that amounts disclosed in the AFS are supported by accurate and complete supporting schedules.	Management should ensure that amounts diclosed in the Annual Financial Statements agree to the general ledger.	Work of consultants will be reviewed on a monthly basis		CFO/ Manager Budget	30-Jun-18	Ongoing
65	S&T and expenditure completeness - Actual invoices not submitted	Expenditure:Limitation	Section 15(1)(a) of the Public Audit Act No. 25 of 2004, states that when performing an audit referred to in section 11, the Auditor-General or an authorised auditor has at all reasonable times full and unrestricted access to any document, book or written or electronic record or information of the	Lack of proper record-keeping of invoices from suppliers.	Management should provide the required information and ensure that a proper	Management will appoint a task team that will be assisting the auditors with all requests. Accounting Officer	Follow up with suppliers regarding outstanding information	CFO/ Manager Budget	Daily	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee.</p> <p>Section 62(1)(b) of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Contrary to the above, tax invoices for the below-listed transactions could not be obtained for audit purposes. Only the proforma invoices are attached to the payment batches.</p>		record-keeping system is in place	will also consider factoring the the "AUDIT" action plan into performance reviews as well as disciplinary actions should be will be taken against individuals who are not complying. Management will consult with the electronic document company to ensure that the documents are kept safe and can be retrieved at any given time.				
66	Invalid Credit Notes	Expenditure	<p>Section 62(1) (b) of the Municipal Finance Management, Act No. 56 of 2003, (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Paragraph 17 of GRAP 1 Presentation of Financial Statements states financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria of assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements.</p>	Lack of management review to ensure that credit notes are appropriately prepared.	Management should ensure that credit notes are appropriately prepared and supported by valid supporting documents.	CFO will develop/ update the Standard Operating Procedure pertaining to Credit notes and conduct training to the credit clerks	Management will ensure that the AG recommendations are acted upon. Credit reconciliations should be done in a monthly basis.	CFO/ Manager Budget	Daily/ monthly	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			Contrary to the above it was noted that the below-listed credit notes were not supported by valid supplier confirmations /other supporting documentation confirming the return of goods or services							
67	Assets not capitalised	Expenditure	<p>In accordance with paragraph 06 of standards of Generally Recognised Accounting Practice (GRAP 17) Property, plant and equipment are tangible items that:</p> <ol style="list-style-type: none"> <li>1. are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and</li> <li>2. are expected to be used during more than one reporting period.</li> </ol> <p>Contrary to above requirement during the review of payment vouchers selected from expenditure general ledger accounts for procurement testing identified items of capital assets included as expenditure instead of capital assets.</p>	Lack of proper review of AFS by management	Management should investigate population of expenditure and process correcting journals between the expenditure and capital expenditure.	Develop a Standard Operating procedure for assets from Expenditure, WIP, capitalisation and depreciation	<p>CFO -Updating asset register with all the payment voucher information for assets that were incorrectly expensed</p> <p>AM EXP : Scanning all vouchers into an electronic document management system to ensure that they are easily available when needed for audit.</p> <p>Processing correction of error journals on the system to update all the errors. Management will investigate the whole population to ensure that not capital</p>	CFO, Expenditure Manager	31-Jul-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
							expenditure is expensed.			
68	Cut off	Expenditure	<p>Section 62 (1) (b) of the Municipal Finance Management Act, 2003 (ActNo. 56 of 2003)states that theaccounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purposes take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Paragraph 17 of GRAP 1 Presentation of Financial Statements states, financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria of assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements.</p> <p>Contrary to the above requirements, the following invoices have been accounted for in the incorrect financial year,(List on the management report)</p>	Management failed to implement effective internal controls to ensure that transactions for services rendered in the current financial are recognised in the current financial year and those that were rendered after year-end are recognised in the following year.	Management should ensure that expenditure is accounted for in the correct financial year.	Strict adherence to the MFMA will be enforced	CFO to reclassify by raising correcting journal entries all the amounts that were not recognised in the current year but were incurred in the current year.	CFO/ Manager Expenditure	30-Jun-18	Ongoing
69	Payables duplicate transactions in accruals and age analysis	Payables	Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.	Lack of proper review of financial statements by management .	Management should ensure that supporting schedules are reviewed and errors are corrected prior to submission		Trace all the payments made after year end and ensure that all the transactions relating to the year under review are recognised	CFO/ Manager Expenditure	30-Jun-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			During the audit of payables it was noted that the following transactions are included in both the Age analysis and accrual listing		for audit purposes.					
70	Differences identified between the amounts disclosed in the AFS and GL.	Payables	<p>Section 62 (1)(a)(b) of the MFMA relating to general financial management functions states that "the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically and that that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards."</p> <p>Section 122 (1) of the MFMA states that. (1) Every municipality and every municipal entity must for each financial year prepare annual financial statements which—</p> <p>(a) fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position at the end of the financial year."</p> <p>Differences were identified between the Annual Financial Statement for the year ended 30 June 2017 and the General Ledger</p>	The matter occurred due to insufficient management controls over the preparation of the financial statements and its supporting schedules	The matter should be investigated to ensure that the Trade payables disclosed in the financial statements are appropriate and correct.	We will consider AG recommendation	CFO/ Manager Expenditure	30-Jun-18	Ongoing	
71	Prior Period error	Accruals	During the follow up of prior year issues there was no evidence indicating that the following prior year issue was resolved as the municipality did not have the adjusted prior year accrual listing. This issue will still remain :Accruals are misstated with an amount of R1 338 660.75 The projected overstatement amount to R3 838 234.78	Management does not perform reconciliations on a regular basis and follow up on reconciling items.	Management implements a proper process of ensuring that reconciliations are performed on a regular	The list of accruals must be based on commitments and ensure that the purchase or on WIP is taken into account to avoid overstated or understating the list	Accrual list must be compiled at the end of the financial year with understanding of the framework of the accruals	CFO/ Manager Expenditure	30-Jun-18	Ongoing



NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
					basis and differences identified are followed up in a timely manner.					
72	Prior Period Error	Accruals	During the follow up of prior year issues there was no evidence indicating that the following issue was resolved. The management could not provide the accrual the corrected accrual listing for the prior year to ensure that the suppliers relating to the 2016/17 period are removed from the prior year accrual listing. This issue remains: The amount of accruals is misstated by R718 071.48 in the annual financial statements. The projected misstatement amount is overstatement of accrual listing by R2 058 868.86	Financial and performance management: Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Management implements a proper process of ensuring that reconciliations are performed on a regular basis and differences identified are followed up in a timely manner.	Management must give explanations to the auditor, agree or disagree with the audit findings. Monthly reconciliations must be performed	Obtain the monthly statements from the suppliers and agree to the order, invoice and delivery note	CFO/ Manager Expenditure	30-Jun-18	Ongoing
73	Employee cost : PAYE, UIF and SDL for June not included in payables	Accounts Payables / Employee related cost, Completeness and cut off	Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.  GRAP Framework Liabilities .80 An essential characteristic of a liability is that the entity has a present obligation. An obligation is a duty or responsibility to act or perform in a certain way. Obligations may be legally enforceable as a consequence of a binding contract or statutory requirement, i.e.	Financial and Performance Management: Management did not implement controls over daily and monthly processing and reconciling transactions.	Management should investigate the issues identified and the entire population of accruals and adjust the annual financial statements accordingly	Management implements a process of ensuring that supplier reconciliations are performed for all suppliers every month.	Trace all the payments made after year end and ensure that all the transactions relating to the year under review are recognised	CFO/ Manager Expenditure	30-Jun-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>the entity has no realistic alternative to avoid the outflow of economic resources or service potential.</p> <p>GRAP 1 defines a liability as follows : Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential Contrary to the above requirement through testing of SARS payment date it was identified that the payment for PAYE, UIF and SDL expenditure for June 2017 was made on the 02 July 2017 indicating that there was a payable to SARS as at 30 June 2017. Through inspection of the payables listing and the accruals listing, it was noted that SARS was not included in the listings which indicates that the payables balance disclosed in the financial is not complete. Payables in the annual financial statements are understated by R 988 475.15.</p>							
74	Leave Accrual:	Understatement of leave and bonus provision	Section 62(1)(a)-(c) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively efficiently and economically; that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards; (c) that the municipality has and maintains effective efficient and transparent systems - (i) of financial and risk management and internal control; and (ii) of internal audit operating in accordance with any prescribed norms and standards; and that unauthorised irregular or	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Management should ensure that all data included in the calculations for leave and bonus accrual is correct.	Ensure that data used is correct and accurate	The leave register will be updated regularly and the system should be up to date, the rate must be accurate. Leave forms will be	Payroll Manager/Admin	Monthly	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			fruitless and wasteful expenditure and other losses are prevented. This finding results in the understatement of provisions for leave and bonus as disclosed with the projected amount of R178 350							
75	Procurement	Section 32 limitation	Section 62 (1)(a)(b) of the MFMA relating to general financial management functions states that "the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically and that that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. Contrary to above requirements during the testing of procurement and contract management established that management did not submit all the procurement process supporting documents for the following payments: limitation of scope result in non-compliance with laws and regulations Above for R20.2m	Lack of implementation of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Management should ensure that the supporting documents are submitted for audit	S32 committee or MPAC to investigate and council to condone	Payments will not be processed without relevant information, failure to that s32 committee must investigate to such and submit to Council monthly. Filling of the documents and ensure every payment has all the relevant supporting document before payment	CFO/ Manager SCM	Monthly	Ongoing
76	Non-compliance with request for quotations	Procurement	Regulation 12(1)(c) of the Supply Chain Management Regulations states that a supply chain management policy must subject to regulation 11 (2), provide for procurement of goods and service by the way of formal written price quotations for procurement of a transaction value over R10 000 up to R200 000 (VAT included);  Regulation 17(1)(a -c) of the Supply Chain Management Regulations states that a supply chain management policy must stipulate the conditions for procurement of goods or service through formal written price quotations, which must include conditions	Management did not review and monitor compliance with applicable laws and regulations	Management will include the payments indicated on irregular expenditure register and adjust the irregular expenditure amount in the financial statements.	Strict adherence to to the legislative prescripts will be enforced. Deviations will be submitted to the MM on a monthly basis and MM must report these to the council. Council might condemn them or refer them back to MPAC or S32 committee	Record all the transactions that are compliant to the Supply chain policy to the list of irregular expenditure monthly	CFO/ Manager SCM	Monthly	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>stating that quotations must be obtained from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity; that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by regulation 14(1)(b) and (c); that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.</p> <p>Regulation 12(3) of the Supply Chain Management Regulations states that a supply chain management policy must state that goods or services may not deliberately be split into parts or items of lesser value merely to avoid complying with the requirement of the policy.</p> <p>Regulation 12(3) of the Supply Chain Management Regulations states that a supply chain management policy must determine the procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, and must stipulate that all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of regulation 17, be advertised for at least seven days on the website and an official notice board of the municipality or municipal entity.</p> <p>Regulation 5(1) of the Supply Chain Management Regulations states that an accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting</p>							

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>officer in terms of regulation 4(1), but any such delegation must be consistent with sub-regulation (2) and regulation 4.</p> <p>Regulation 5(2) of the Supply Chain Management Regulations states that the power to make a final award not exceeding R2 million (VAT included) may sub-delegate but only to chief financial officer; a senior manager; a manager directly accountable to the chief financial officer or senior manager; or a bid adjudication committee</p> <p>Regulation 13(b) of the Supply Chain Management Regulations states that a supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid has authorised the municipality or municipal entity to obtain tax clearance from the South African Revenue Service that the provider's tax matters are in order.</p> <p>Above non-compliance occurred due to the following:management does not ensure minimum quotations are sourced;management split the request for goods or service to avoid procurement process;management does not ensure that the request for quotations are advertised;management does not ensure that the request for quotation evaluation results are signed by delegated authority for acceptanceManagement does not review quotations received for cover quoting and possible collusion by suppliers; andManagement does not ensure that valid tax clearance; and declaration of interest are received from the suppliers submitting the quotations.</p> <p>Above will result in understatement of irregular expenditure of R1 651 229 and non-compliance with laws and regulations</p>							

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
77	Total payments exceed contract price	Contract Management	Section 62(1)(a)-(c) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively efficiently and economically; that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards; (c) that the municipality has and maintains effective efficient and transparent systems - (i) of financial and risk management and internal control; and (ii) of internal audit operating in accordance with any prescribed norms and standards; and that unauthorised irregular or fruitless and wasteful expenditure and other losses are prevented. Contrary to the above, it was identified that the municipality made payments to contractors which exceeded the contract amount. It could also not be confirmed that amendments were made to the contracts and approval from council was obtained prior the additional expenditure. The impact of this finding is the understatement of Irregular expenditure amounting to R20 905 768.77	Contract management or project management is lacking. Deviations are not submitted to the council for condemnation for project that have exceeded the contract price.	Management should ensure that the total payments made under the contract up to date do not exceed the original contract price plus any further approved extensions to the contract. When there is a need a deviation must be condemned by council then AG will not have a finding on it.	Implement contract management complaints or system to ensure that there payments are limited to the approved contract price. Council condemns that deviation where applicable	Budget is the basic control over managing the contract. Any deviations must be approved by the MM. Respective HODs to monitor the performance of the consultants and their contracts.	CFO/ Manager SCM	Monthly	Ongoing
78	Procurement and contract management: Prohibited award	Procurement and Contracts	Paragraph 46 of Municipal Supply Chain Management Regulations GNR 868 dated 30 May 2005 states: A municipal code of ethical standards must stipulate that an official or other role player involved in the implementation of the supply chain management policy of the municipality or municipal entity-(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of contract in which that person, or any close family member,	1.Lack of ethics from the employees and other parties. 2. Lack of disclosure of interest by the parties or employees	Declaration forms from the any party trading with the municipality must be filled, signed and be submitted to the supply chain. Consequence	Consequence management will be implemented. All the tenders will include the declaration forms to be completed by the service providers and the forms will be mandatory.	Compliance with the supply chains policy and regulations. Declaration forms must be obtained yearly from the suppliers	Supply Chain Manager/ CFO	Monthly	ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			partner or associate, has any private or business interest.		es must be taken to those who do not disclose their interests.					
79	Procurement and Contract Management: Contract register not complete	Validation of the existing contracts	During the audit it came to auditors' attention that the contract register was not complete as there were contracts that were identified during procurement testing that were not included in a contract register, The contract register also has critical information that is not included therein, the following are examples of information not included on the register: 1. Contract start date 2. Expiry date of the contract 3. Amount awarded	Non compliance to the supply chain processes. A contract must be a bidding document. In this case there is no contract in place or the contract is blank cheque Legal Department must review the contract	Management should ensure that all contracts signed for projects (Contractor and consulting engineers etc.) are in the contract register, which should also agree to all PMU information for all grants or own money used. There should be a communication between PMU, Finance and relevant division ensuring that all reports and registers are complete. No contract must start working without the	Legal department in place Consequence management on non compliance Contract register must be reviewed on a monthly basis	Abide with the supply chain policy and procedures	Supply Chain Manager/ CFO	Monthly	ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
					contract in place					
80	Account incorrectly impaired	Impairments	Paragraph 17 of GRAP 1 Presentation of Financial Statements states Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria of assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements During testing of impairment provision it was found that the municipality impaired the following account even though it did not meet the impairment requirements as per the policy. The impact is an overstatement of the provision for impairments with an extrapolated amount of R 999 615.17.	Lack of understanding of the impairment accounting standard and reasonabilities were not applied properly	Ensure that the personnel who is estimating the impairment has the proper understanding and the reasonability tests are reasonable	Valuation of skills and if necessary additional skill be acquired such as consultants	Ensure that the impairment requirements are met and are reasonable	CFO	30-Jun-18	Ongoing
81	Receivables from exchange: Difference in age analysis	Receivables from Exchange	Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003) (MFMA) states that: General financial management functions.(1) The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards; Contrary to the above, during the process of reconciling receivables from exchanges balance recorded in AFS to the age analysis, a difference of R23 628 837 was found, see calculation below;	No proper reconciliations were done on a monthly basis	Reconciliations must be prepared, reviewed and approved	Internal control will be in place such as monthly reconciliations	Agree the age analysis to the Control Account . Ensure that the receipts are allocated properly and the billing is recognised monthly. Where the readings are not done average readings must be used	Debtors Manager/ CFO	30-Jun-18	Ongoing



NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
82	Revenue-grant-Overstatement of revenue	Revenue - Grants	Paragraph 17 of GRAP 1 Presentation of Financial Statements states Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria of assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. Contrary to the above, the following differences were identified for the following grants: This might results in understatement of revenue by R3 202 793 This can also result to understatement of unspent grant by R3 202 793.	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Ensure that the transactions are recorded correctly, the VAT effect is also correctly recorded	Monthly reconciliation, review of the work performed by the consultants to ensure that the major figures are fairly presented	Agree the ledger to the Budget or the figures that are gazzeted	CFO/ Budget Manager	Monthly	Ongoing
83	Follow up of prior year: Revenue: Fines	Follow up of prior year: Revenue : Fines	<p>Section 64 (1) of the Municipal Finance Management Act, 2003, Act No 56 of 2003 (MFMA), requires that the Accounting Officer of a municipality is responsible for the management of the revenue of the municipality.</p> <p>Furthermore, section 78(1)(a) of the MFMA requires that each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibilities to ensure that the system of financial management and internal control established for the municipality is carried out diligently.</p> <p>The matter relates to prior year issue 55 CAF 41, the follow up was done to confirm whether controls were put in place over traffic fine books. The register for section 56 notice traffic was inspected again in a</p>	<p>1. Management does not have any controls over the issuing and returning of the traffic fine books.</p> <p>2. Management is not familiar with the process that needs to be followed when issuing traffic fines by use of traffic fine cameras</p>	<p>Management should implement controls over the use of the traffic fines books. Management should investigate the issues identified on fines issued by use of traffic cameras and ensure that all the revenue generated from these traffic fines is recorded in the annual</p>	Director Corporate servies to investigate the issues on a monthly bases relating t traffic fines. Documented controls will be implemented		Director: Corporate Service	31-Mar-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>current year (2016/17) and the following issues were identified:</p> <p>The fine books were not issued in sequence. Traffic fine books are not signed for by officers on the register for section 56 notices (traffic) upon issue which makes it difficult to determine books still in issue and books used and returned.</p> <p>No receive date captured therefore we could not identify for which financial year the following books were issued:</p> <ol style="list-style-type: none"> <li>1. Book 1501 - 1560</li> <li>2. Book 1981 - 2040</li> <li>3. Book 2041 - 2100</li> </ol> <p>The above indicates that management did not resolve the prior year issue. Therefore the below prior year matter still remains:</p> <p>Contrary to the above requirement we identified the following with regard to revenue from traffic fines:</p> <ol style="list-style-type: none"> <li>1. Traffic fine books are not issued in sequence therefore we could not confirm completeness of the fines issued. <ul style="list-style-type: none"> <li>• Traffic fine books are not signed for by officers on the register for section 56 notices (traffic) upon issue which makes it difficult to determine books still in issue and books used and returned.</li> <li>• No receive date captured therefore we could not identify for which financial year the following books were issued: <ol style="list-style-type: none"> <li>i). Book 1081 - 1140</li> <li>ii). Book 1261 - 1320</li> </ol> </li> </ul> </li> </ol> <p>Furthermore when performing procedures on the traffic fines we identified that there are traffic fines that were not issued therefore cancelled but accounted for as issued in the fines register.</p> <p>2. It was also identified that the municipality made use of automatic traffic cameras during the year, however, management could not provide evidence of whether those traffic</p>		financial statements.					

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>finances have been recorded in the GL.</p> <p>This matter has been previously reported on paragraph 71 of our management report and no formal management response was received.</p>							
84	VAT Reconciliations not performed	Internal control	Section 62(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.	Internal control deficiency occurred as a result of the consultants appointed by municipality to perform VAT reconciliation withheld the final reports from the municipality.	Management should ensure that VAT reconciliations are prepared and submitted for audit to support amounts disclosed in the financial statements.	Consequence Management, VAT returns prepared monthly	Consequence Management, VAT returns prepared monthly	CFO/ Manager : Budget	Monthly	Ongoing
85	Reconciliation between VIP and GL not done	Payroll	Section 62(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards; S 62 (1) (c) (i) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Contrary to the above it was noted that management did not perform monthly reconciliations between the General Ledger (Munsoft) and the payroll system	Management did not implement effective internal controls to ensure that the monthly reconciliation are performed.	Management should implement effective internal controls which would ensure that monthly reconciliation between the VIP payroll system and the General Ledger are performed.	Consequence Management, VAT returns prepared monthly	Consequence Management, VAT returns prepared monthly	CFO	31-Mar-18	Ongoing

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			(VIP) to ensure the accuracy of the employee costs disclosed in the annual financial statements.							
86	Non disclosure of competencies in the Draft Annual Report	Non-compliance	<p>Municipal Regulations on Minimum Competency Levels paragraph 14 (1) states that the municipal manager of the municipality and the chief executive officer of a municipal entity must monitor, and take the necessary steps to ensure, compliance with the prescribed minimum competency levels for financial and supply chain management officials within time frames set out in regulation 15.</p> <p>(2) A municipality must report the consolidated information in respect of the municipality and each of its entities asset out in sub-regulation (4)-</p> <p>(a) to the national treasury and the relevant provincial treasury by 30 January and 30 July of each year, until 30 July 2015; and</p> <p>(b) in its annual report, reflecting the information as at end of financial year to which the report relates.</p> <p>(4) A report on the compliance with prescribed competency levels must in the format as set out in the annexure hereto and include the following minimum information as at 30 June and 31 December of each year, as may be appropriate -</p> <p>(a) the total number of financial officials employed;</p> <p>(b) the total number of financial officials whose competency assessments have been completed;</p> <p>(c) the total number of supply chain management officials;</p> <p>(d) the total number of supply chain management officials whose competency assessments have been completed;</p> <p>(e) the total number of financial and supply chain management officials that meets the prescribed competency levels; and</p> <p>(f) the total number of financial and supply</p>	Lack of management oversight to ensure that compliance with the laws and regulations are adhered to.	Management should implement a process of ensuring that compliance with the laws and regulations is adhered to.	Internal Audit manager will be appointed to ensure that risk and compliance is covered. Consequence management will be implemented on any non adherence to laws and regulations	Compliance checklist implemented	IDP: Manager	Resolved during audit	

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>chain management officials whose performance agreements comply with regulation 16.</p> <p>Contrary to the above, it was noted that the municipality did not disclose the information as required per Municipal Regulations on Minimum Competency Levels paragraph 14(4) (b);(d); (e) and (f), in the draft annual report in accordance with the provisions of minimum competency levels.</p>							
87	Differences between budgeted amount disclosed and final adjustment budgets	Budgets	<p>Section 28(5)(a)-(d) of the Municipal Finance Management Act (Act 56 of 2003) states: when an adjustments budget is tabled, it must be accompanied by an explanation how the adjustments budget affects the annual budget; a motivation of any material changes to the annual budget; an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and any other supporting documentation that may be prescribed.</p> <p>Contrary to the above the following issues were identified on the Statement of Comparison of Budget and Actual Amounts (b) Note 8, reference to a donation, could not be traced to an amount included in the statement. The note could therefore not be verified.</p>	Lack of proper review of annual financial statements to ensure errors are identified and corrected prior to submission for audit.	Management should ensure that all disclosures are accurate and agree to supporting schedules and reports. Management should also ensure that all notes to the Budget Statement are relevant and correspond with amounts disclosed.	We will adhere to the AG recommendation		Budget manager, CFO	30-Jun-18	Ongoing
88	Related Parties Controls	Internal Control Deficiency	Section 62(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent	internal control deficiency is as a result of municipality not having designed formal	Management should ensure that there are controls in place to identify and account for	CFO to develop controls in identifying related parties according to the Accounting standards	CFO		Ongoing	

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>systems of financial and risk management and internal control.</p> <p>Contrary to above requirements during the process of assessing municipal control environment identified that municipality does not have controls in place to identify transactions with related parties.</p>		related party transactions					
89	Manual reconciliation between rateable valuation as per the valuation roll and rates and taxes	Follow up of prior year: Property Rates	<p>In terms of section 64 of the Municipal Finance Management Act (2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure- (h) that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled atleast on a weekly basis.</p> <p>The matter relates to prior year issue 12 CAF 11, the follow up was done in the current year to check whether the municipality did do the reconciliation for the year under review, however it was noted that the municipality did not perform the recons again in a current year Therefore the prior year matter still remains. During the testing performed, it was identified that the municipality did not perform the manual reconciliation between the rateable valuation as per the valuation rolls and the rates and taxes raised through the municipal system during the year under review.</p> <p>This matter has been followed up with the Revenue Manager: Mr A du Preez and has also been previously reported in paragraph 65 of our management report.</p>	Lack of management oversight in ensuring that the reconciliation is performed.	It is recommended that management performs the manual reconciliation between the rateable valuation and rates and taxes on Munsoft System and so that reconciling items are able to be identified and followed up timeously	Internal control will be in place such monthly reconcialtions	CFO	Resolved during audit		
90	PPE Completion	Internal Control	Section 62(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of	This is due to lack of proper review by	Management should ensure that	Consequence Management, Project managers	CFO	Resolved		

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
	Certificate not reliable	Deficiency	<p>a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>During the testing of Work-In-Progress of assets ,identified deficiency in completion certificates as the amounts on the certificates do not agree to the amounts in the assets register.</p>	management to ensure information on completion certificates agree to information asset register	completion certificates are reviewed and reconciled with invoices issued on a project; and the work performed by consultants is reviewed.	will review the work done by consultants		during audit		
91	Supplier invoices not compliant with legislation	Expenditure	<p>Section 20 paragraph 4 of the VALUE ADDED TAX ACT NO. 89 OF 1991 states: Tax invoices.— Except as the Commissioner may otherwise allow, and subject to this section, a tax invoice (full tax invoice) shall be in the currency of the Republic and shall contain the following particulars:</p> <p>(a) The words “tax invoice” in a prominent place;</p> <p>(b) the name, address and VAT registration number of the supplier;</p> <p>(c) the name, address and, where the recipient is a registered vendor, the VAT registration number of the recipient;</p> <p>(d) an individual serialized number and the date upon which the tax invoice is issued;</p> <p>(e) full and proper description of the goods (indicating, where applicable, that the goods are secondhand goods) or services supplied;</p> <p>(f) the quantity or volume of the goods or services supplied;</p> <p>(g) either—(i) the value of the supply, the amount of tax charged and the consideration for the supply; or (ii) where the amount of tax charged is calculated by applying the tax fraction to the consideration, the consideration for the supply and either the amount of the tax charged, or a statement that it includes a charge in respect of the tax</p>	Supplier invoices accepted which are not prepared in accordance with the Value Added Tax Act.	Management should ensure that invoices are prepared by suppliers are in compliant with the requirements as listed in section 20(4) of the Value Added Tax Act.	Training will be conducted to ensure that the same finding does not occur again	CFO/ SCM MANAGER	Daily	Ongoing	

NO	AUDIT FINDING	AUDIT AREA	DETAILED AUDIT FINDING	ROOT CAUSE	RECOMMENDATIONS	STRATEGIC AUDIT ACTION PLAN	OPERATIONAL AUDIT ACTION PLAN	RESPONSIBLE PERSON	TIME LINES	STATUS
			<p>and the rate at which the tax was charged</p> <p>Contrary to the requirements of Section 20 (4) of Value Added Tax Act, it was noted that the following supplier invoices did not include the VAT registration number of the municipality</p>							
92	SCM IPDM implementation	Non-compliance	<p>Section 62(c)(i) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Contrary to above requirement during assessment of municipal environment identified that the municipality did not implement an SCM policy that addresses infrastructure, procurement and delivery management as the municipal Infrastructure, Procurement and Delivery Management Policy (IPDMP) is still in draft; The municipality also did not implement a control framework for infrastructure delivery management that defines approval/ acceptance of conditions for each state of infrastructure delivery from project initiation to handover of completed project.</p>	<p>This matter occurred due to lack of controls over monitoring and reviewing of policies by council.</p>	<p>Management should ensure that applicable policies and procedures are approved</p>	<p>Accounting Officer to ensure that the relevant policies are approved accordingly</p>	CFO	31-Mar-18	Ongoing	



# Chapter 7



Annual Financial Statements  
2017 / 2018 Financial Year

## Annual Financial Statements 2017/18 Financial Year



Nketoana Local Municipality  
(Registration number FS193)  
Annual financial statements  
for the year ended 30 June 2018

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### General Information

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<b>Legal form of entity</b>	Municipality (MFMA)
<b>Nature of business and principal activities</b>	Nketoana Local Municipality performs the functions as set out in the Constitution, (Act no 105 of 1996)
<b>Mayoral committee</b>	
Executive Mayor	Mokoena, TE
Councillors	Mokoena, MT
	Mokoena, KA
	Mofokeng, KA
	Mofokeng, PP
	Nhlapo, LG
	Nhlapo, BM
	Motloung, MS
	Semela, MS
	Mphaka, MR
	Moloedi, PM
	Mofokeng, NL
	Tshabalala, NS
	Blignaut, M
	De Frennd, P (resigned 31/07/2017)
	Botha, MC
	Mosia, MJ
	Muller, HMC
	Mkhwana, M (elected 01/08/2017)
<b>Grading of local authority</b>	Medium Capacity
	Grade 3 in terms of the Remuneration of Public Office Bearers' Act
<b>Chief Finance Officer (CFO)</b>	X Malindi
<b>Accounting Officer</b>	MP Manzi
<b>Registered office</b>	Corner Church and Voortrekker St Reitz 9810
<b>Business address</b>	Corner Church and Voortrekker St Reitz 9810
<b>Postal address</b>	P.O. Box 26 Reitz 9810
<b>Controlling entity</b>	Nketoana Municipality
<b>Bankers</b>	ABSA (Primary bank)
<b>Auditors</b>	Auditor-General South Africa

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## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
LSA	Long Service Awards
PEMAL	Post-Employment Medical Aid Liability



## **Nketoana Local Municipality**

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### **Accounting Officer's Responsibilities and Approval**

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The municipality is engaged in providing municipal services and maintaining the best interest of the local community, mainly in the Nketoana area and operates principally in South Africa.

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer certifies that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The external auditors are responsible for independently auditing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 6 to 85, which have been prepared on the going concern basis, were approved and signed by the accounting officer on 31 August 2018:

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**MP Manzi**  
**Accounting Officer**

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2018.

#### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the current year four meetings were held.

	2017/08/10	2017/08/28	2017/11/30	2018/03/19
B.T.A Matabane (Chairperson)	Yes	Yes	Yes	Yes
P. Semanya	Yes	Yes	Yes	Yes
M.E Sello	Yes	Yes	Yes	Yes

All members of the Audit Committee are independent, with no interest in the management or conduct of the business of the Municipality.

#### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### The effectiveness of internal control

The system of internal control was not entirely effective for the year under review. During the year under review, several deficiencies in the system of internal control and/or deviations were reported by the internal auditors and the Auditor-General South Africa. In certain instances, the matters reported previously have not been fully and satisfactorily addressed.

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

The audit committee is not satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

#### Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;

#### Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits, except for issues raised by the committee in their report to Council.

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**Chairperson of the Audit Committee**

**Date:** \_\_\_\_\_

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Accounting Officer's Report

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The accounting officer submits his report for the year ended 30 June 2018.

#### 1. Review of activities

##### Main business and operations

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not, in our opinion, require any further comment.

Net deficit of the municipality was R 95 906 908 (2017: deficit R 73 255 255).

#### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### 3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year that would have an impact on the financial statements.

#### 4. Accounting Officer's interest in contracts

In terms of the Supply Chain Management Policy of the municipality, councillors and officials are prohibited from entering into commercial transactions with the municipality.

Councillors and officials are required to disclose any business interest which they may have elsewhere.

The register of declaration of interest is available in the office of the Chief Whip for inspection.

Consistent with the Supply Chain Management Policy of the municipality, none of the councillors or officers entered into any commercial transaction with the municipality during the period under review. The Accounting Officer does not have any interest in contracts.

#### 5. Accounting policies

The annual financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

#### 6. Non-current assets

There were no major changes in the physical nature of non-current assets of the municipality during the year.

#### 7. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
MP Manzi	South African

#### 8. Auditors

Auditor-General South Africa will continue in office for the next financial period.



## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Financial Position as at 30 June 2018

Figures in Rand	Notes	2018	2017 Restated*
<b>Assets</b>			
Current Assets			
Inventories	4	768 309	705 473
Receivables from exchange transactions	5	31 535	8 306
Receivables from non-exchange transactions	6	6 984 291	1 824 616
Consumer debtors	7	20 635 664	19 010 238
Cash and cash equivalents	8	317 397	1 882 935
		<b>28 737 196</b>	<b>23 431 568</b>
Non-Current Assets			
Biological assets that form part of an agricultural activity	9	72 952	45 000
Investment property	10	13 966 722	13 966 722
Property, plant and equipment	11	981 217 075	1 018 668 613
Intangible assets	12	33 143	49 371
Heritage assets	13	529 800	529 800
Other financial assets	14	359 115	4 892 128
Long-term deposit	15	469 912	2 018 500
		<b>996 648 719</b>	<b>1 040 170 134</b>
<b>Total Assets</b>		<b>1 025 385 915</b>	<b>1 063 601 702</b>
<b>Liabilities</b>			
Current Liabilities			
Other financial liabilities	16	4 505 211	2 188 650
Finance lease obligation	17	253 277	214 464
Payables from exchange transactions	18	258 325 395	210 025 452
VAT payable	19	9 800 326	6 543 767
Consumer deposits	20	470 749	1 401 912
Employee benefit obligation	21	793 000	530 000
Unspent conditional grants and receipts	22	219 780	-
Cash and cash equivalents	8	6 144 730	4 363 174
		<b>280 512 468</b>	<b>225 267 419</b>
Non-Current Liabilities			
Other financial liabilities	16	2 033 011	6 649 242
Finance lease obligation	17	-	253 277
Employee benefit obligation	21	7 161 000	6 347 000
Provisions	23	52 452 121	51 071 642
		<b>61 646 132</b>	<b>64 321 161</b>
<b>Total Liabilities</b>		<b>342 158 600</b>	<b>289 588 580</b>
<b>Net Assets</b>		<b>683 227 315</b>	<b>774 013 122</b>
Accumulated surplus	24	678 106 214	774 013 122

\* See Note 2 & 50

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Financial Performance

Figures in Rand	Notes	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	25	139 008 940	131 777 755
Rental of facilities and equipment	26	514 678	369 345
Interest received (trading)	27	40 358 478	37 978 056
Other income	28	1 224 473	1 034 734
Interest received - investment	29	742 363	1 049 246
<b>Total revenue from exchange transactions</b>		<b>181 848 932</b>	<b>172 209 136</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	30	19 424 857	17 799 341
<b>Transfer revenue</b>			
Government grants & subsidies	31	121 376 133	131 239 621
Public contributions and donations	32	500 000	5 500
Fines	33	36 329	165 740
<b>Total revenue from non-exchange transactions</b>		<b>141 337 319</b>	<b>149 210 202</b>
<b>Total revenue</b>		<b>323 186 251</b>	<b>321 419 338</b>
<b>Expenditure</b>			
Employee related costs	34	(109 718 458)	(95 850 699)
Remuneration of councillors	35	(5 893 585)	(7 196 419)
Depreciation and amortisation	36	(65 511 011)	(72 154 398)
Impairment loss/ Reversal of impairments	37	(548 280)	(16 300)
Finance costs	38	(21 840 999)	(17 396 120)
Lease rentals on operating lease	39	(3 035 982)	(3 109 276)
Debt Impairment	40	(101 359 568)	(93 782 537)
Bulk purchases	41	(46 825 412)	(48 159 560)
Contracted services	42	(12 052 959)	(12 310 758)
General expenses	43	(49 362 360)	(59 364 470)
<b>Total expenditure</b>		<b>(416 148 614)</b>	<b>(409 340 537)</b>
<b>Operating deficit</b>		<b>(92 962 363)</b>	<b>(87 921 199)</b>
Loss on disposal of assets and liabilities	44	(1 707 498)	(1 464 358)
Fair value adjustments	45	27 953	14 987
Actuarial gains/losses	21	(1 265 000)	1 704 000
		<b>(2 944 545)</b>	<b>254 629</b>
<b>Deficit for the year</b>		<b>(95 906 908)</b>	<b>(87 666 570)</b>

\* See Note 2 & 50

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	854 314 573	854 314 573
Adjustments		
Correction of errors	7 365 119	7 365 119
<b>Balance at 01 July 2016 as restated*</b>	<b>861 679 692</b>	<b>861 679 692</b>
Changes in net assets		
Deficit for the year	(87 666 570)	(87 666 570)
Total changes	(87 666 570)	(87 666 570)
<b>Restated* Balance at 01 July 2017</b>	<b>774 013 122</b>	<b>774 013 122</b>
Changes in net assets		
Deficit for the year	(95 906 908)	(95 906 908)
Total changes	(95 906 908)	(95 906 908)
<b>Balance at 30 June 2018</b>	<b>678 106 214</b>	<b>678 106 214</b>
Note	50	

\* See Note 2 & 50

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Cash Flow Statement

Figures in Rand	Notes	2018	2017 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		-	17 697 467
Sale of goods and services		-	76 492 781
Grants		-	131 216 868
Interest income		742 363	1 049 246
		<u>742 363</u>	<u>226 456 362</u>
<b>Payments</b>			
Employee costs		-	(101 965 824)
Suppliers		-	(61 517 208)
Finance costs		(21 840 999)	(17 396 120)
		<u>(21 840 999)</u>	<u>(180 879 152)</u>
<b>Undefined difference compared to the cash generated from operations note</b>		<b>39 361 999</b>	<b>(4 486 198)</b>
<b>Net cash flows from operating activities</b>	46	<b>18 263 363</b>	<b>41 091 012</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	11	(33 241 189)	(43 711 901)
Proceeds from sale of property, plant and equipment	11	2 942 164	133 856
Purchase of investment property	10	-	(88 818)
Movement in financial assets		4 533 013	(304 352)
Purchase of biological assets that form part of an agricultural activity	9	-	(5 500)
Proceeds from sale of long-term deposit		1 548 588	-
<b>Net cash flows from investing activities</b>		<b>(24 217 424)</b>	<b>(43 976 715)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(2 299 670)	(317 574)
Movement in finance lease liability		(214 464)	(181 598)
<b>Net cash flows from financing activities</b>		<b>(2 514 134)</b>	<b>(499 172)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(8 468 195)</b>	<b>(3 384 875)</b>
Cash and cash equivalents at the beginning of the year		(2 480 239)	1 254 405
<b>Cash and cash equivalents at the end of the year</b>	8	<b>(10 948 434)</b>	<b>(2 130 470)</b>

\* See Note 2 & 50

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

Service charges	142 569 000	1 896 000	<b>144 465 000</b>	139 008 940	<b>(5 456 060)</b>	Note 1
Rental of facilities and equipment	393 000	185 000	<b>578 000</b>	514 678	<b>(63 322)</b>	Note 2
Interest received (trading)	39 421 352	18 911	<b>39 440 263</b>	40 358 478	<b>918 215</b>	Note 3
Other income - (rollup)	16 774 000	3 329 000	<b>20 103 000</b>	1 224 473	<b>(18 878 527)</b>	Note 4
Interest received - investment	1 304 000	-	<b>1 304 000</b>	742 363	<b>(561 637)</b>	Note 5
<b>Total revenue from exchange transactions</b>	<b>200 461 352</b>	<b>5 428 911</b>	<b>205 890 263</b>	<b>181 848 932</b>	<b>(24 041 331)</b>	

##### Revenue from non-exchange transactions

##### Taxation revenue

Property rates	20 341 000	(465 000)	<b>19 876 000</b>	19 424 857	<b>(451 143)</b>	Note 6
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##### Transfer revenue

Government grants & subsidies	82 580 000	-	<b>82 580 000</b>	121 376 133	<b>38 796 133</b>	Note 7
Public contributions and donations	-	-	-	500 000	<b>500 000</b>	Note 8
Fines	330 000	-	<b>330 000</b>	36 329	<b>(293 671)</b>	Note 9

##### Total revenue from non-exchange transactions

<b>Total revenue from non-exchange transactions</b>	<b>103 251 000</b>	<b>(465 000)</b>	<b>102 786 000</b>	<b>141 337 319</b>	<b>38 551 319</b>	
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<b>Total revenue</b>	<b>303 712 352</b>	<b>4 963 911</b>	<b>308 676 263</b>	<b>323 186 251</b>	<b>14 509 988</b>	
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##### Expenditure

Employee cost	(93 591 000)	(4 372 000)	<b>(97 963 000)</b>	(109 718 458)	<b>(11 755 458)</b>	Note 10
Remuneration of councillors	(9 083 085)	(418 624)	<b>(9 501 709)</b>	(5 893 585)	<b>3 608 124</b>	Note 11
Depreciation and amortisation	(59 672 592)	800 000	<b>(58 872 592)</b>	(65 511 011)	<b>(6 638 419)</b>	Note 12
Impairment loss/ Reversal of impairments	-	-	-	(548 280)	<b>(548 280)</b>	
Finance costs	(17 836 000)	-	<b>(17 836 000)</b>	(21 840 999)	<b>(4 004 999)</b>	Note 13
Lease rentals on operating lease	-	-	-	(3 035 982)	<b>(3 035 982)</b>	Note 14
Debt Impairment	(49 930 820)	(5 035 117)	<b>(54 965 937)</b>	(101 359 568)	<b>(46 393 631)</b>	Note 15
Bulk purchases	(50 456 000)	-	<b>(50 456 000)</b>	(46 825 412)	<b>3 630 588</b>	Note 17
Contracted Services	(9 163 000)	2 390 000	<b>(6 773 000)</b>	(12 052 959)	<b>(5 279 959)</b>	Note 18
General Expenses	(47 187 000)	(2 653 000)	<b>(49 840 000)</b>	(49 362 360)	<b>477 640</b>	Note 19

<b>Total expenditure</b>	<b>(336 919 497)</b>	<b>(9 288 741)</b>	<b>(346 208 238)</b>	<b>(416 148 614)</b>	<b>(69 940 376)</b>	
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<b>Operating deficit</b>	<b>(33 207 145)</b>	<b>(4 324 830)</b>	<b>(37 531 975)</b>	<b>(92 962 363)</b>	<b>(55 430 388)</b>	
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Loss on disposal of assets and liabilities	-	-	-	(1 707 498)	<b>(1 707 498)</b>	Note 20
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Fair value adjustments	-	-	-	27 953	<b>27 953</b>	Note 21
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Actuarial gains/losses	-	-	-	(1 265 000)	<b>(1 265 000)</b>	Note 22
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	-	-	-	<b>(2 944 545)</b>	<b>(2 944 545)</b>	
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<b>Deficit before taxation</b>	<b>(33 207 145)</b>	<b>(4 324 830)</b>	<b>(37 531 975)</b>	<b>(95 906 908)</b>	<b>(58 374 933)</b>	
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## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(33 207 145)</b>	<b>(4 324 830)</b>	<b>(37 531 975)</b>	<b>(95 906 908)</b>	<b>(58 374 933)</b>	

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

##### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

##### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

##### 1.3 Biological assets that form part of an agricultural activity

The entity recognises a biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost.

##### 1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.



## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Accounting Policies

---

#### 1.4 Investment property (continued)

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

##### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes.

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 11).

#### 1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.



## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Accounting Policies

#### 1.5 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight line	5 - 60 years
Furniture and fixtures	Straight line	5 - 7 years
Motor vehicles	Straight line	5 - 15 years
Office equipment	Straight line	4 - 15 years
Emergency equipment	Straight line	5 years
Leased assets	Straight line	3 years
Electricity network	Straight line	5 - 60 years
Roads and stormwater	Straight line	10 - 60 years
Wastewater network	Straight line	5 - 70 years
Water network	Straight line	5 - 60 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1.5 Property, plant and equipment (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

#### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1.6 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 - 9 years

#### 1.7 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 13).

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

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#### 1.7 Heritage assets (continued)

##### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

##### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

##### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

##### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

#### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.



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#### 1.8 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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#### 1.8 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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#### 1.8 Financial instruments (continued)

##### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

##### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

##### Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

##### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

##### Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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#### 1.8 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.



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#### 1.8 Financial instruments (continued)

##### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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#### 1.8 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

##### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are recognised by the entity directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

#### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

##### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

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#### 1.9 Leases (continued)

##### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

##### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### 1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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#### 1.11 Impairment of cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

#### 1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.



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#### 1.12 Impairment of non-cash-generating assets (continued)

##### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

##### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

##### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

##### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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#### 1.12 Impairment of non-cash-generating assets (continued)

##### Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

##### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

#### 1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programs are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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#### 1.13 Employee benefits (continued)

##### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

##### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programs) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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#### 1.13 Employee benefits (continued)

##### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

##### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.



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#### 1.14 Provisions and contingencies

A *contingent asset* is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the council.

A *contingent liability* is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of council; or
- a present obligation that arises from past events but is not recognised because: - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
- the amount of the obligation cannot be measured with sufficient reliability.

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

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#### 1.14 Provisions and contingencies (continued)

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 48.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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#### 1.14 Provisions and contingencies (continued)

##### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.11 and 1.12.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

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#### 1.15 Commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the entity of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability e.g. a purchase contract. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules. These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement.

An entity may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the entity has contracted for expenditure but no work has started and no payments have been made.

The notes to the financial statements must disclose the nature and amount of each material individual expenditure commitment and each material class of capital expenditure commitment as well as non-cancelable operating leases contracted for at the reporting date. Commitments for the supply of inventories, where a liability under a contract has not yet been recognised, do not require disclosure as a commitment.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancelable or only cancelable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

#### 1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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#### **1.16 Revenue from exchange transactions (continued)**

##### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



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#### 1.16 Revenue from exchange transactions (continued)

##### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly. Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

##### Prepaid electricity

Prepaid electricity revenue is recognised at the point of sale. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Pre-paid electricity sales are reconciled on a monthly basis and the sum of the monthly sales provides the total sales for the year. The financial year is divided in two seasons based on the application of tariffs with the seasons being summer (1 September – 31 May) and winter (1 June to 31 August).

The deferred portion of revenue is accounted for by an adjustment for units not consumed at year end. This adjustment is based on the average consumption history, multiplied by the weighted average cost of units sold in June. Average consumption in units is determined per active prepaid meter using a trend analysis of historical consumer purchase data per meter for the months of May, June and July. The deferred portion of revenue is the amount by which the actual prepaid electricity sold for the month of June exceeds the average consumption calculated.

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#### 1.16 Revenue from exchange transactions (continued)

##### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.



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#### 1.17 Revenue from non-exchange transactions (continued)

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

##### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

##### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

##### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

##### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

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#### 1.17 Revenue from non-exchange transactions (continued)

##### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

#### 1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

#### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

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#### 1.22 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant program/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.23 Accumulated surplus

The municipality's surplus or deficit for the year is accounted for in the accumulated surplus in the statement of changes in net assets. The accumulated surplus/deficit represents the net difference between total assets and total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments relating to income and expenditure are debited/credited against accumulated surplus when retrospective adjustments are made.

#### 1.24 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2017 to 30/06/2018.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

## Nketoana Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

### Accounting Policies

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#### 1.25 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

#### 1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.



## Nketoana Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.

#### 3. New standards and interpretations

##### 3.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2009	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2009	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2009	Unlikely there will be a material impact
• Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	01 April 2009	Unlikely there will be a material impact
• GRAP 110: Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	Unlikely there will be a material impact
• GRAP 12 (as amended 2016): Inventories	01 April 2018	Unlikely there will be a material impact
• GRAP 16 (as amended 2016): Investment Property	01 April 2018	Unlikely there will be a material impact
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	Unlikely there will be a material impact
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	01 April 2018	Unlikely there will be a material impact
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	Unlikely there will be a material impact

## Nketoana Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

#### 3. New standards and interpretations (continued)

• GRAP 27 (as amended 2016): Agriculture	01 April 2018	Unlikely there will be a material impact
• GRAP 31 (as amended 2016): Intangible Assets	01 April 2018	Unlikely there will be a material impact
• GRAP 103 (as amended 2016): Heritage Assets	01 April 2018	Unlikely there will be a material impact
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact

#### 4. Inventories

Consumable stores	131 217	148 624
Water	637 092	556 849
	<b>768 309</b>	<b>705 473</b>

Inventories recognised as an expense during the year 489 444 574 960

Consumables amounting to R 186 451 (2017: R 410 988) and water amounting to R 302 993 (2017: R 163 971) were expensed.

#### Inventory pledged as security

No inventory type is pledged as security.

#### 5. Receivables from exchange transactions

Fruitless and wasteful expenditure to be investigated	407 520	407 520
Other receivable	9 550 726	9 527 497
Other receivable - money to be recovered	1 078 004	1 078 004
Provision for bad debts	(11 004 715)	(11 004 715)
	<b>31 535</b>	<b>8 306</b>

#### Trade and other receivables impaired

As of 30 June 2018, other receivables of R 11 004 715 (2017: R 11 004 715) were impaired and provided for.

#### 6. Receivables from non-exchange transactions

Fines	3 300	3 290
Consumer debtors - Rates	6 980 991	1 821 326
	<b>6 984 291</b>	<b>1 824 616</b>

#### Receivables from non-exchange transactions pledged as security

No other receivables from non-exchange transactions were pledged as security.

#### Receivables from non-exchange transactions impaired

#### Reconciliation of consumer debtors - rates

Consumer debtors - Rates	32 285 677	24 608 978
Consumer debtors - Rates (impairment)	(25 304 686)	(22 787 652)
	<b>6 980 991</b>	<b>1 821 326</b>

## Nketoana Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>6. Receivables from non-exchange transactions (continued)</b>		
<b>Rates</b>		
Current (0 -30 days)	1 734 125	539 788
31 - 60 days	394 656	145 959
61 - 90 days	81 374	101 852
91 - 120 days	40 418	28 586
121 - 150 days	20 331	21 056
> 365 days	1 006 794	984 085
	<b>3 277 698</b>	<b>1 821 326</b>
<b>7. Consumer debtors (exchange transactions)</b>		
<b>Gross balances</b>		
Electricity	16 887 168	11 858 055
Water	155 059 611	91 384 666
Sewerage	72 097 349	46 031 409
Refuse	80 759 395	51 472 625
Sundry debtors	4 913 257	156 325 506
Housing rental	377 937	308 238
Other (specify)	122 634 852	-
	<b>452 729 569</b>	<b>357 380 499</b>
<b>Less: Allowance for impairment</b>		
Electricity	(8 646 104)	(6 573 057)
Water	(122 170 796)	(85 642 696)
Sewerage	(56 841 712)	(44 136 580)
Refuse	(64 395 709)	(49 795 793)
Sundry debtors	(179 706 282)	(151 914 159)
Housing rental	(333 302)	(307 976)
	<b>(432 093 905)</b>	<b>(338 370 261)</b>
<b>Net balance</b>		
Electricity	8 241 064	5 284 998
Water	32 888 815	5 741 970
Sewerage	15 255 637	1 894 829
Refuse	16 363 686	1 676 832
Sundry debtors	(174 793 025)	4 411 347
Housing rental	44 635	262
Other (specify)	122 634 852	-
	<b>20 635 664</b>	<b>19 010 238</b>
<b>Electricity</b>		
Current (0 -30 days)	4 070 209	4 635 448
31 - 60 days	428 978	203 573
61 - 90 days	160 631	92 196
91 - 120 days	78 130	31 661
121 - 150 days	31 679	19 683
> 150 days	380 371	302 437
<b>Undefined Difference</b>	<b>3 091 066</b>	<b>-</b>
	<b>8 241 064</b>	<b>5 284 998</b>



## Nketoana Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>7. Consumer debtors (exchange transactions) (continued)</b>		
<b>Water</b>		
Current (0 -30 days)	875 904	2 599 418
31 - 60 days	188 953	262 752
61 - 90 days	159 575	123 183
91 - 120 days	127 488	106 991
121 - 150 days	104 683	81 750
> 150 days	2 984 092	2 567 876
<b>Undefined Difference</b>	<b>28 448 120</b>	<b>-</b>
	<b>32 888 815</b>	<b>5 741 970</b>
<b>Sewerage</b>		
Current (0 -30 days)	773 657	614 347
31 - 60 days	157 075	75 072
61 - 90 days	126 085	53 520
91 - 120 days	55 059	43 424
121 - 150 days	45 606	38 715
> 150 days	1 272 603	1 069 751
<b>Undefined Difference</b>	<b>12 825 552</b>	<b>-</b>
	<b>15 255 637</b>	<b>1 894 829</b>
<b>Refuse</b>		
Current (0 -30 days)	444 078	429 935
31 - 60 days	128 216	88 268
61 - 90 days	96 140	61 711
91 - 120 days	64 361	49 932
121 - 150 days	49 394	42 835
> 150 days	1 227 286	1 004 151
<b>Undefined Difference</b>	<b>14 354 211</b>	<b>-</b>
	<b>16 363 686</b>	<b>1 676 832</b>
<b>Sundry debtors</b>		
Current (0 -30 days)	2 051 070	957 046
31 - 60 days	227 774	198 294
61 - 90 days	161 538	97 037
91 - 120 days	151 795	67 493
121 - 150 days	77 289	61 868
> 150 days	3 514 771	3 029 609
<b>Undefined Difference</b>	<b>(180 977 262)</b>	<b>-</b>
	<b>(174 793 025)</b>	<b>4 411 347</b>
<b>Housing rental</b>		
Current (0 -30 days)	7 905	-
31 - 60 days	772	-
61 - 90 days	681	-
91 - 120 days	119	-
121 - 150 days	119	-
> 150 days	9 884	262
<b>Undefined Difference</b>	<b>25 155</b>	<b>-</b>
	<b>44 635</b>	<b>262</b>
<b>Other (specify)</b>		
<b>Undefined Difference</b>	<b>122 634 852</b>	<b>-</b>

## Nketoana Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>7. Consumer debtors (exchange transactions) (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	1 361 353	3 223 252
31 - 60 days	204 905	141 510
61 - 90 days	162 238	82 538
91 - 120 days	78 892	45 842
121 - 150 days	32 555	191 303
> 150 days	218 108	-
	<b>2 058 051</b>	<b>3 684 445</b>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	5 970 641	5 361 144
31 - 60 days	342 894	229 908
61 - 90 days	47 732	56 394
91 - 120 days	35 139	13 902
121 - 365 days	14 434	11 513
> 150 days	122 309	26 971
	<b>6 533 149</b>	<b>5 699 832</b>
<b>National and provincial government</b>		
Current (0 -30 days)	890 829	651 980
31 - 60 days	583 971	456 541
61 - 90 days	494 678	288 713
91 - 120 days	362 921	239 757
121 - 150 days	261 781	204 749
> 150 days	9 048 591	7 784 220
	<b>11 642 771</b>	<b>9 625 960</b>
<b>Total</b>		
Current (0 -30 days)	8 222 823	9 223 002
31 - 60 days	1 131 770	827 960
61 - 90 days	704 648	427 605
91 - 120 days	476 952	299 501
121 - 150 days	308 769	244 850
> 150 days	9 389 007	7 987 320
	20 233 969	19 010 238
<b>Undefined Difference</b>	<b>401 695</b>	<b>-</b>
	<b>20 635 664</b>	<b>19 010 238</b>
<b>Less: Allowance for impairment</b>		
Current (0 -30 days)	(9 267 544)	(8 190 453)
31 - 60 days	(9 177 993)	(8 417 996)
61 - 90 days	(8 926 916)	(8 130 710)
91 - 120 days	(8 692 306)	(7 955 849)
121 - 150 days	(8 786 979)	(7 964 504)
> 150 days	(345 560 514)	(297 710 749)
<b>Undefined Difference</b>	<b>(41 681 653)</b>	<b>-</b>
	<b>(432 093 905)</b>	<b>(338 370 261)</b>

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 7. Consumer debtors (exchange transactions) (continued)

##### Reconciliation of allowance for impairment

Balance at beginning of the year	(338 370 261)	(299 214 761)
Contributions to allowance	-	(73 263 393)
Debt impairment written off against allowance	-	34 107 893
<b>Undefined Difference</b>	<b>(93 723 644)</b>	<b>-</b>
	<b>(432 093 905)</b>	<b>(338 370 261)</b>

##### Consumer debtors pledged as security

None of the consumer debtors were pledged as security for any financial liability.

#### 8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	55 227	48 291
Short-term deposits	1 816 782	1 834 033
Other cash and cash equivalents	(1 554 612)	611
Cash and cash equivalents	(6 144 730)	(4 363 174)
	<b>(5 827 333)</b>	<b>(2 480 239)</b>
Current assets	317 397	1 882 935
Current liabilities	(6 144 730)	(4 363 174)
	<b>(5 827 333)</b>	<b>(2 480 239)</b>

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA - Operating account - 2170560119	526 586	790 131	264 220	-	(5 158 916)	(1 171 244)
ABSA - Banktel account - 2170142538	30 131	260 532	57 397	-	795 742	678 533
ABSA Call account - 90741555973	401 178	565 673	1 872 020	-	565 673	1 872 020
Old Mutual - 5208945	521 270	521 270	521 270	-	521 270	521 270
<b>Total</b>	<b>1 479 165</b>	<b>2 137 606</b>	<b>2 714 907</b>	<b>-</b>	<b>(3 276 231)</b>	<b>1 900 579</b>

#### 9. Biological assets that form part of an agricultural activity

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Game	72 952	-	72 952	45 000	-	45 000

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 9. Biological assets that form part of an agricultural activity (continued)

##### Reconciliation of biological assets that form part of an agricultural activity - 2018

	Opening balance	Gains or losses arising from changes in fair value	Total
Game	45 000	27 952	72 952

##### Reconciliation of biological assets that form part of an agricultural activity - 2017

	Opening balance	Additions	Gains or losses arising from changes in fair value	Total
Game	24 513	5 500	14 987	45 000

#### Non - Financial information

##### Quantities of each biological asset

Blesbok	18	18
Springbuck	5	5
Wildebeest	2	2
Zebra	2	2
	<b>27</b>	<b>27</b>

#### Pledged as security

None of the biological assets were pledged as security for any financial liabilities.

#### Methods and assumptions used in determining fair value

The latest bid prices from game auctions were used as fair values.

#### 10. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	13 966 722	-	13 966 722	13 966 722	-	13 966 722

##### Reconciliation of investment property - 2018

	Opening balance	Additions	Disposals	Total
Investment property	13 966 722	-	-	13 966 722

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 10. Investment property (continued)

##### Reconciliation of investment property - 2017

	Opening balance	Additions	Disposals	Total
Investment property	13 877 904	88 818	-	13 966 722

##### Pledged as security

Investment property is not pledged as security.

There are no restrictions on the remittance of revenue and proceeds on disposals relating to investment property.

There are no contractual obligations to repair, maintain, enhance, purchase, construct or develop investment property.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### 11. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	17 838 185	-	17 838 185	17 838 185	-	17 838 185
Buildings	246 544 088	(123 000 172)	123 543 916	240 578 736	(116 757 348)	123 821 388
Infrastructure	1 665 068 097	(857 701 673)	807 366 424	1 646 640 437	(817 252 698)	829 387 739
Other property, plant and equipment	18 618 395	(11 504 877)	7 113 518	19 748 278	(10 820 913)	8 927 365
Landfill sites	66 255 732	(41 099 949)	25 155 783	65 916 811	(27 638 571)	38 278 240
Leased assets	649 339	(450 090)	199 249	649 339	(233 643)	415 696
<b>Total</b>	<b>2 014 973 836</b>	<b>(1 033 756 761)</b>	<b>981 217 075</b>	<b>1 991 371 786</b>	<b>(972 703 173)</b>	<b>1 018 668 613</b>

##### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	17 838 185	-	-	-	-	17 838 185
Buildings	123 821 388	5 965 352	-	(6 242 824)	-	123 543 916
Infrastructure	829 387 739	26 471 471	(4 021 669)	(43 925 438)	(545 679)	807 366 424
Other property, plant and equipment	8 927 365	465 445	(627 993)	(1 648 698)	(2 601)	7 113 518
Landfill sites	38 278 240	338 921	-	(13 461 378)	-	25 155 783
Leased assets	415 696	-	-	(216 447)	-	199 249
<b>Total</b>	<b>1 018 668 613</b>	<b>33 241 189</b>	<b>(4 649 662)</b>	<b>(65 494 785)</b>	<b>(548 280)</b>	<b>981 217 075</b>

## Nketoana Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 11. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	17 838 185	-	-	-	-	17 838 185
Buildings	117 225 338	12 505 568	(37 662)	(5 856 528)	(15 328)	123 821 388
Infrastructure	852 509 893	29 312 979	(1 560 552)	(50 873 609)	(972)	829 387 739
Other property, plant and equipment	9 093 232	1 563 354	-	(1 729 221)	-	8 927 365
Landfill sites	51 409 618	330 000	-	(13 461 378)	-	38 278 240
Leased assets	632 142	-	-	(216 446)	-	415 696
	<b>1 048 708 408</b>	<b>43 711 901</b>	<b>(1 598 214)</b>	<b>(72 137 182)</b>	<b>(16 300)</b>	<b>1 018 668 613</b>

##### Assets subject to finance lease (Net carrying amount)

Office equipment	199 249	415 696
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##### Other information

##### Reconciliation of Work-in-Progress 2018

	Opening balance	Additions	Transfers	Closing balance
Buildings	4 250 632	5 965 351	(9 906 765)	309 218
Roads	24 875 850	15 820 049	(16 398 340)	24 297 559
Sewer	22 807 050	979 988	-	23 787 038
Solid waste	330 000	338 921	-	668 921
Water	96 357 656	7 847 777	(11 191 808)	93 013 625
	<b>148 621 188</b>	<b>30 952 086</b>	<b>(37 496 913)</b>	<b>142 076 361</b>

##### Reconciliation of Work-in-Progress 2017

	Opening balance	Additions	Transfers	Closing balance
Buildings	4 630 621	16 896 880	(17 276 869)	4 250 632
Roads	33 768 733	6 698 483	(15 591 366)	24 875 850
Sewer	28 064 783	38 818	(5 296 551)	22 807 050
Solid waste	-	330 000	-	330 000
Water	72 876 739	23 480 917	-	96 357 656
	<b>139 340 876</b>	<b>47 445 098</b>	<b>(38 164 786)</b>	<b>148 621 188</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### 12. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	240 691	(207 548)	33 143	240 691	(191 320)	49 371

## Nketoana Local Municipality

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Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

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#### 12. Intangible assets (continued)

##### Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	49 371	-	(16 228)	33 143

##### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	65 598	-	(16 227)	49 371

#### 13. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	529 800	-	529 800	529 800	-	529 800

##### Reconciliation of heritage assets 2018

	Opening balance	Additions	Disposals	Total
Heritage assets	529 800	-	-	529 800

##### Reconciliation of heritage assets 2017

	Opening balance	Additions	Disposals	Total
Heritage assets	529 800	-	-	529 800

#### 14. Other financial assets

##### Residual interest at cost

Unlisted shares	5 000	5 000
VKB Agricultural (Pty) Ltd.		
Preference shares	327 888	327 888
VKB Agricultural (Pty) Ltd.		
	<b>332 888</b>	<b>332 888</b>

##### At amortised cost

Other financial asset	26 227	4 559 240
Standard Bank - Money Market account		
<b>Total other financial assets</b>	<b>359 115</b>	<b>4 892 128</b>

##### Non-current assets

Residual interest at cost	332 888	332 888
At amortised cost	26 227	4 559 240
	<b>359 115</b>	<b>4 892 128</b>



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Figures in Rand	2018	2017
<b>14. Other financial assets (continued)</b>		
<b>Financial assets at fair value</b>		
<b>Fair value hierarchy of financial assets at fair value</b>		
For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:		
Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.		
Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
Level 3 applies inputs which are not based on observable market data.		
<b>Level 1</b>		
Standard Bank - Money Market account	26 227	4 559 240
<b>Financial assets at amortised cost</b>		
<b>Nominal value of financial assets at cost</b>		
VKB Agricultural (Pty) Ltd shares	332 888	332 888
Investment in a private company initially recognised at cost. Council have not been able to determine the reasonability of the fair value.		
<b>Financial assets pledged as collateral</b>		
<b>Collateral</b>		
Carrying value of financial assets pledged as collateral for liabilities or contingent liabilities	26 227	4 559 240
<b>15. Long-term deposit</b>		
Non-current deposit	469 912	2 018 500
The long-term deposit is held by ESKOM for the upgrade done by the municipality to the electricity network.		
The long-term deposit bears interest of 5.3% per annum. If the municipality decides to cancel the service agreement with Eskom then the deposit amount will be paid back. If the account to which the deposits relate are in arrears then the deposits will be appropriated towards the specific account.		
<b>16. Other financial liabilities</b>		
<b>At amortised cost</b>		
Bank loan	6 538 222	7 543 785
The Development Bank of Southern Africa Limited. Refer to details of consolidation below.		
Bank loan	-	1 294 107
The Development Bank of Southern Africa Limited		
	<b>6 538 222</b>	<b>8 837 892</b>
<b>Total other financial liabilities</b>	<b>6 538 222</b>	<b>8 837 892</b>

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Figures in Rand	2018	2017
<b>16. Other financial liabilities (continued)</b>		
<b>Development Bank of South Africa</b>		
Loan 1		
The original loan amount was R 9 600 000 repayable over a 20 year period with a redemption date of 31 December 2024.		
Loan 2		
The original loan amount was R 1 600 000 repayable over a 20 year period with a redemption date of 31 December 2024.		
On 14 August 2017 an agreement was made between DBSA and the Municipality for repayment of outstanding debt and arrears.		
DBSA approved the release of collateral ceded to DBSA held by Standard Bank as security for the loans as partial repayment.		
The outstanding balance including arrears of the two loans as disclosed below be consolidated into one loan with the same interest rate of 9.26%.		
34 Month debit order of R 200 000 was actioned by the Municipality to settle the remaining balance of the loan.		
<b>Non-current liabilities</b>		
At amortised cost	2 033 011	6 649 242
<b>Current liabilities</b>		
At amortised cost	4 505 211	2 188 650
<b>17. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	276 840	276 840
- in second to fifth year inclusive	-	276 840
	276 840	553 680
less: future finance charges	(23 563)	(85 939)
<b>Present value of minimum lease payments</b>	<b>253 277</b>	<b>467 741</b>
<b>Present value of minimum lease payments due</b>		
- within one year	253 277	214 464
- in second to fifth year inclusive	-	253 277
	<b>253 277</b>	<b>467 741</b>
Non-current liabilities	-	253 277
Current liabilities	253 277	214 464
	<b>253 277</b>	<b>467 741</b>

It is municipality policy to lease certain equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 17% (2017: 17%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 11.

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Figures in Rand	2018	2017
<b>18. Payables from exchange transactions</b>		
Accrued bonus	1 801 638	1 539 649
Accrued leave pay	8 446 400	7 459 874
Deferred revenue	(60 142)	448 891
Deposits received	47 040	48 844
Payments received in advance	2 863 861	-
Salary suspense	3 606 411	746 854
Trade payables	241 620 187	199 781 340
	<b>258 325 395</b>	<b>210 025 452</b>
<b>19. VAT payable</b>		
VAT balance	9 800 326	6 543 767
<p>VAT is payable on the cash basis and is paid to SARS once payments are received from debtors and claimed from SARS once suppliers have been paid.</p> <p>The VAT balance is the net amount of the municipality's VAT control accounts where amounts were received from debtors and paid to suppliers.</p>		
<b>20. Consumer deposits</b>		
Electricity	434 022	1 365 185
Housing rental	36 727	36 727
	<b>470 749</b>	<b>1 401 912</b>

## Nketoana Local Municipality

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### Notes to the Annual Financial Statements

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#### 21. Employee benefit obligations

##### Long service bonus awards (LSA)

According to the Municipality's long service bonus policy, employees are entitled to the following rewards upon completion of various periods of service:

- 5 years : 5 days accumulative leave + 2% of employee's annual salary;
- 10 years : 10 days accumulative leave + 3% of employee's annual salary;
- 15 years : 15 days accumulative leave + 4% of employee's annual salary;
- 20 years : 15 days accumulative leave + 5% of employee's annual salary;
- 25 years : 15 days accumulative leave + 6% of employee's annual salary;
- Every 5 year intervals after 25 years the benefit remains the same as the 25 year long service bonus.

##### Post retirement medical aid benefits (PEMAL)

The employer has no formal post-retirement medical aid subsidy policy but pays medical aid subsidies in respect of 11 pensioners. The current subsidy varies between 60% and 91,8% of the of the medical aid contributions for different pensioners. These subsidy rates were obtained from data provided by the employer.

On the retirement of a pensioner, the employer will continue to subsidise the medical scheme contributions of the spouse or adult dependant of the pensioner.

For the purposes of the valuation the benefit is assumed to accrue uniformly since the date that employment commenced at the employer until the expected date of retirement. The accrual of the benefit in this way is consistent with the Projected Unit Credit Method of valuation referred to in GRAP25.

The benefit for the pensioners is regarded as being fully accrued.

The liability for the existing pensioners is calculated as the estimated amount that would need to be invested at the valuation date that should be sufficient to pay for their future contributions subsidy.

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>21. Employee benefit obligations (continued)</b>		
<b>The amounts recognised in the statement of financial position are as follows:</b>		
<b>Carrying value</b>		
Present value of the defined benefit obligation-wholly unfunded	(7 954 000)	(6 877 000)
<b>Carrying value per benefit</b>		
Long service awards	(633 000)	(923 000)
Medical aid benefits	(7 321 000)	(5 954 000)
	<b>(7 954 000)</b>	<b>(6 877 000)</b>
<b>Non-current liabilities</b>		
Long service awards	(7 161 000)	(6 347 000)
Current liabilities	(793 000)	(530 000)
	<b>(7 954 000)</b>	<b>(6 877 000)</b>
<b>Non-current liabilities</b>		
Long service awards	(499 000)	(757 000)
Medical aid benefits	(6 662 000)	(5 385 000)
	<b>(7 161 000)</b>	<b>(6 142 000)</b>
<b>Current liabilities</b>		
Long service awards	(134 000)	(166 000)
Medical aid benefits	(659 000)	(569 000)
	<b>(793 000)</b>	<b>(735 000)</b>

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 21. Employee benefit obligations (continued)

The medical contribution and long service provisions are actuarial calculations which were performed by Simeka Consultants and Actuaries (Pty) Ltd..

Simeka Consultants and Actuaries (Pty) Ltd. (FAIS license number 13900) is a member of the Sanlam group and an authorised financial service provider which specialises in retirement, actuarial, investment, health and wealth services.

Members of their executive committee include:

- Pieter Gericke B.Com Honours (Actuarial Science) FASSA, CFP
- Freddy Mwabi B Sc, AMASSA

#### Long service award liability (LSA)

The long service awards liability arises from the municipality being a party to the Collective Agreement on Conditions of Service for the Free State Division of SALGBC.

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The incidence and the quantum of future awards are projected allowing for salary increases, rates of resignation/redundancy/retirements and mortality statistics. The projected values are then discounted to the calculation date.

The past service liability is the value of the accumulated liability as at the calculation date in respect of service already rendered. The future service liability is the sum of the value of the liabilities from service after the calculation date until the next dates the employee is entitled to receive a bonus payment. The total liability is evenly distributed over the period since service inception until the date when the benefit is payable.

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. The calculation also allows for mortality, retirements and withdrawals from service.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable.

Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

The two most important financial variables used in the valuation are the discount rate and salary inflation.

#### Post-employment medical aid liabilities (PEMAL)

The actual cost of the benefits will be determined by the actual future medical contributions, the actual number of members that retire from the employer and the actual lifetime of each pensioner and his or her family. The actuarial valuation and the assumptions used in the valuation have no effect on the actual cost.

Medical schemes contributed to was Keyhealth and SAMWUMED.

The annual cost can be split into an interest cost and a service cost. The interest cost represents the investment return required so that the benefits accrued in respect of past service can be met in the future and the current service cost represents the cost required for the benefit accruing as a result of service to be rendered over the year commencing 1 July 2018. In the case of the Nketoana Local Municipality, this is nil as there are no employees who are eligible to accrue further post-employment medical aid subsidies.

The benefit for the pensioners is regarded as being fully accrued.

The accrued liability for the active employees represents the estimated amount will need to be invested now to pay for the accrued portion of the post-retirement medical aid contribution subsidy.

As at the valuation date, the medical aid liability of the municipality was unfunded, i.e. no dedicated assets had been set aside to meet this liability.

The two most important financial variables used in our valuation are the discount- and medical aid inflation rates.

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 21. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	6 877 000	11 455 000
Benefits paid - PEMAL	(475 000)	(505 000)
Benefits paid - LSA	(448 000)	(401 000)
Correction of error - LSA	-	(3 752 000)
Net expense recognised in the statement of financial performance	2 000 000	80 000
	<b>7 954 000</b>	<b>6 877 000</b>

#### Net expense recognised in the statement of financial performance

Current service cost - LSA	90 000	619 000
Interest cost - PEMAL	569 000	737 000
Interest cost - LSA	76 000	428 000
Actuarial (gains) losses - PEMAL	1 273 000	(1 616 000)
Actuarial (gains) losses - LSA	(8 000)	(88 000)
	<b>2 000 000</b>	<b>80 000</b>

#### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	1 265 000	(1 704 000)
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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 21. Employee benefit obligations (continued)

##### Key assumptions used

Assumptions used at the reporting date:

Expected salary increase rate - LSA	7.00 %	7.00 %
Average retirement age - years - LSA	63	63
Number of employees - Male - LSA	39	39
Number of employees - Female - LSA	22	22
Average annual basic salary - Male - LSA	133 486	124 753
Average annual basic salary - Female - LSA	134 020	125 252
Salary weighted average age - Male - LSA	44.00	43.00
Salary weighted average age - Female - LSA	45.50	44.50
Salary weighted average service years - Male - LSA	11.20	10.20
Salary weighted average service years - Female - LSA	13.40	12.40
Number of pensioners - (Male and Female) - PEMAL	11.00	12.00
Average age (subsidy weighted) - Male PEMAL	70.70	73.40
Average age (subsidy weighted) - Female - PEMAL	73.10	72.10
Average total monthly subsidy - Male - PEMAL	5 395	3 620
Average total monthly subsidy - Female - PEMAL	3 577	3 280

##### LSA

##### Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve." The yield curve as at 30 June 2017 was used to recalculate the Defined Benefit Obligation as at 30 June 2017.

##### Inflation rate

The long-term inflation rates implied from the government bond yields are measured as the differences between the nominal yields of the South African government zero coupon bond yield curve and the real yields of the South African government zero coupon bond yield curve at same durations.

##### Salary increases

Escalation in the general level of salaries as a result of inflation and real salary increases. The general trend is for salaries to increase faster than the increase in inflation. We assumed that salaries increases will exceed inflation by 1% each year.

##### Withdrawals

The withdrawal table that has been used is a generic withdrawal table. We would welcome any suggestions on changes to the withdrawal assumptions. It is important to note that a higher allowance for withdrawals will reduce the liability for the active members.

##### Mortality rates

The acturaries assumed that the SA 85-90 mortality table will be suitable in estimating the expected mortality experience. This table reflects the mortality experience of males assured with South African life assurance companies during the years 1985 to 1990. We have made no allowance for mortality improvement or the impact of AIDS.

##### Normal retirement

Although the normal retirement age is 65, an average retirement age of 63 was assumed for employees in order to allow for potential early retirement.

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Figures in Rand	2018	2017
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#### 21. Employee benefit obligations (continued)

##### Late retirement

No provision was made for retirement after the normal retirement age.

##### PEMAL

##### Discount rate

GRAP25 requires that the discount rate be set with regards to the market yield on government bonds at the reporting date. We have therefore based the discount rate and inflation assumptions on the yields taken from the government zero coupon bond yield curves (so-called zero rates) as at 30 June 2018. In effect, different discount rates (according to the yield curve) are used to discount future payments at different durations.

##### Inflation rate

The long-term inflation rates implied from the government bond yields is measured as the real difference between the nominal yields of the South African government zero coupon bond yield curve and the real yields of the South African government zero coupon bond yield curve at the same durations.

##### Rate of medical inflation

Medical scheme contributions have in the past increased at a significantly higher rate than general consumer price inflation. It is difficult (if not impossible) to predict the real rate (investment return minus medical scheme escalation). As in the previous valuation, it was assumed that future medical inflation would exceed the rate of general inflation by 1% per annum.

##### Investment returns relative to medical inflation

The real investment return is the difference between the discount rate and the medical inflation assumptions. It is this relative assumption that has a material effect on the results. The absolute levels of investment returns and medical inflation do not have a material effect.

##### Post-retirement mortality rates

The PA (90) mortality table has been used as the post-retirement mortality table. We have made no provision for future mortality improvement. The same assumptions were used in the previous valuation.

##### Marital statistics

Pensioners' actual current marital statuses was used to value the liability, and assumed males were 5 years older than females.

##### Late retirement

No provision was made for retirement after the normal retirement age.

##### Sensitivity analysis:

	One percentage point decrease	One percentage point increase
Effect of the real yields on the aggregate of the service cost and interest cost - LSA	139 000	130 000
Effect of the real yields on defined benefit obligation - LSA	685 000	586 000
Effect of the real yields on future service liability - LSA	788 000	623 000
Effect of medical inflation rates on the interest cost - PEMAL	607 000	717 000
Effect of medical inflation rates on defined benefit obligation - PEMAL	6 769 000	7 944 000
Effect of medical inflation assumption on the interest cost - PEMAL	(52 000)	58 000
Effect of medical inflation assumption on defined benefit obligation - PEMAL	(552 000)	623 000

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>22. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Intergrated National Electrification Programme Grant	1 572 327	-
Municipal Infrastructure Grant	(1 352 547)	-
	<b>219 780</b>	<b>-</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	-	92 019
Additions during the year	43 192 870	52 396 602
Income recognition during the year	(41 620 543)	(52 488 621)
<b>Undefined Difference</b>	<b>(1 352 547)</b>	<b>-</b>
	<b>219 780</b>	<b>-</b>

See note 31 for reconciliation of grants from National/Provincial Government.

## Nketoana Local Municipality

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### Notes to the Annual Financial Statements

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#### 23. Provisions

##### Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	51 071 642	1 380 479	-	-	-	52 452 121

##### Reconciliation of provisions - 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	49 813 316	1 258 326	-	-	-	51 071 642

##### Environmental rehabilitation provision

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#### 23. Provisions (continued)

The provision is for the estimated future cost of the rehabilitation of the solid waste dumping sites at Mamafubedu (Petrus Steyn), Lindley and Petsana (Reitz).

The rehabilitation requirements are in terms of the Acts and Standards listed below:

- National Treasury: GRAP 17 & 19.
- The National Environmental Management Act 107 of 1998
- The National Environmental Management Waste Act 59 of 2008.
- The Minimum Requirements for Waste Disposal by Landfill: DWAF, 1998.
- The South African Constitution Act 108 of 1996.
- The National Environmental Management Air Quality Act 39 of 2004.
- Hazardous Substances Act 5 of 1973.
- Mineral and Petroleum Resources and Development Act 28 of 2002.
- Health Act 63 of 1977.
- Occupational Health and Safety Act 8 of 1993.
- Municipal Systems Act 32 of 2000.
- Environmental Conservation Act 73 of 1989.
- Municipal Structures Act 117 of 1998.

##### Mamafubedu (Petrus Steyn)

The disposal site presently used has an approximate area of 87 639 square meters.

The Mamafubedu Landfill Site was a historically illegal dumpsite situated in the centre of a residential community. The NLM received a closure license for the site in September 2015, which classifies the site as a Class B landfill. Licence condition 10.4 requires that the NLM proceeds with the closure activity within 3 years or the licence lapses. To date no plans have been made to start with the rehabilitation works and therefore it is recommended that the NLM requests to the licence as soon as possible.

Present value (2018) of the rehabilitation of the solid waste site is R 36 850 899.

The Mamafubedu Landfill Site was closed and not operational at the time of the inspection, but there was evidence of illegal dumping

No future costs are discounted as the site is closed and needs to be rehabilitated within 3 years.

##### Lindley

The disposal site presently used has an approximate area of 60 226 square meters.

The Lindley Landfill Site is classified as a Class 2 landfill and is permitted in accordance with now superseded legislation (Environment Conservation Act, 73 of 89). The permit is dated January 1993, which is assumed as being the start date of disposal operations. The site is located in an old quarry and covers an extensive area. The site has an estimated remaining life of 20 years.

Present value (2018) of the rehabilitation of the solid waste site is R 8 393 825.

The future costs are discounted at a risk-adjusted weighted average cost of capital of 9.71% to establish the present value of the provision.

##### Petsana (Reitz)

The disposal site presently used has an approximate area of 91 180 square meters.

The Reitz Landfill Site is permitted as a GSB - site. The permit is dated November 2012. Historical imagery shows that the site was developed with 3 cells. A lack of resources to operate the site in accordance with its permit has led to poor aesthetics and a largely uncovered waste body. The site has an estimated remaining life of 9 years.

Present value (2018) of the rehabilitation of the solid waste site is R 7 207 397

The future costs are discounted at a risk-adjusted weighted average cost of capital of 9.71% to establish the present value of the provision.

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Figures in Rand	2018	2017
<b>23. Provisions (continued)</b>		
<b>Arlington</b>		
The disposal site as previously disclosed presently used has an approximate area of 14 250 square meters.		
The Arlington site is however a transfer station/ waste storage facility which doesn't need to be licensed in terms of 2013 Norms and Standards regulations.		
Due to no rehabilitation obligation to be provided for the present value (2018) of the facility is R 0.		
The provision that was included in the 2017 AFS was therefore corrected by management as a prior period error adjustment in accordance with GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors. Refer to note 50.		
<b>24. Accumulated surplus</b>		
Accumulated surplus (deficit)	683 227 316	774 013 125
<b>25. Service charges</b>		
Sale of electricity	50 154 353	48 911 710
Sale of water	49 039 781	46 176 654
Sewerage and sanitation charges	20 637 802	18 766 439
Refuse removal	19 177 004	17 922 952
	<b>139 008 940</b>	<b>131 777 755</b>
<b>26. Rental of facilities and equipment</b>		
<b>Premises</b>		
Rental of sites	368 768	309 893
<b>Facilities and equipment</b>		
Rental of facilities	145 910	59 452
	<b>514 678</b>	<b>369 345</b>
<b>27. Interest received (trading)</b>		
Interest received (trading)	40 358 478	37 978 056
<b>28. Other income</b>		
Building line relaxation	-	256
Building plans and clearance certificates	60 582	24 512
Connection fees	503 730	671 776
Insurance claims	-	27 841
Other income	470 281	117 536
Tender documents	189 880	192 813
	<b>1 224 473</b>	<b>1 034 734</b>
<b>29. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	699 737	1 049 246
Interest received - other	42 626	-
	<b>742 363</b>	<b>1 049 246</b>

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>30. Property rates</b>		
<b>Rates received</b>		
Property rates	19 424 857	17 799 341
<b>Valuations</b>		
Residential	1 105 623 907	1 099 810 907
Commercial	206 481 254	209 981 254
State	198 838 357	198 491 607
Municipal	329 681 900	328 492 500
Small holdings and farms	3 279 778 287	3 287 924 355
	<b>5 120 403 705</b>	<b>5 124 700 623</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Interest at prime plus 5% per annum (2017: 5%) is levied on overdue accounts.

The amended act (MPRA) prescribes that the valuation roll is valid for a period of 5 years.

This office has submitted an application to the MEC for the extension of the current valuation roll to 7 years.



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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>31. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable Share	79 880 000	78 751 000
Expanded Public Works Programme Grant	1 000 000	1 023 000
Municipal Finance Management Grant	1 700 000	1 717 019
Municipal Support Programme	-	1 250 000
	<b>82 580 000</b>	<b>82 741 019</b>
<b>Capital grants</b>		
Integrated National Electrification Programme Grant	3 427 673	-
Municipal Infrastructure Grant	25 630 590	26 718 000
Regional Bulk Infrastructure Grant	9 737 870	21 780 602
	<b>35 368 460</b>	<b>48 498 602</b>
	<b>121 376 133</b>	<b>131 239 621</b>
<b>Conditional and Unconditional</b>		
Included in above are the following grants and subsidies received:		
Conditional grants received	36 460 854	52 488 621
Unconditional grants received	79 880 000	78 751 000
	<b>116 340 854</b>	<b>131 239 621</b>
<b>Equitable Share</b>		
Current-year receipts	79 880 000	78 751 000
Transferred to revenue	(79 880 000)	(78 751 000)
	<b>-</b>	<b>-</b>
The Equitable Share is an unconditional grant and in terms of the Constitution, it is used to subsidise the provision of basic services to indigent community members.		
<b>Municipal Finance Management Grant</b>		
Balance unspent at beginning of year	-	92 019
Current-year receipts	1 700 000	1 625 000
Conditions met - transferred to revenue	(1 700 000)	(1 717 019)
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 22).		
<b>Integrated National Electrification Programme Grant</b>		
Current-year receipts	5 000 000	-
Conditions met - transferred to revenue	(3 427 673)	-
	<b>1 572 327</b>	<b>-</b>
<b>Regional Bulk Infrastructure Grant</b>		
Current-year receipts	9 737 870	21 780 602
Conditions met - transferred to revenue	(9 737 870)	(21 780 602)
	<b>-</b>	<b>-</b>

## Nketoana Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>31. Government grants and subsidies (continued)</b>		
<b>Municipal Infrastructure Grant</b>		
Current-year receipts	25 755 000	26 718 000
Conditions met - transferred to revenue	(25 755 000)	(26 718 000)
<b>Undefined Difference</b>	<b>(1 352 547)</b>	<b>-</b>
	<b>(1 352 547)</b>	<b>-</b>
<b>Expanded Public Works Programme Grant</b>		
Current-year receipts	1 000 000	1 030 154
Conditions met - transferred to revenue	(1 000 000)	(1 030 154)
	-	-
<b>Municipal Support Programme</b>		
Current-year receipts	-	1 250 000
Conditions met - transferred to revenue	-	(1 250 000)
	-	-
<b>32. Public contributions and donations</b>		
Public contributions and donations	500 000	5 500
In 2016/2017 a donation of 5 Springbuck (R 5 500) was made to the municipality by Destea.		
In 2017/2018 National Treasury paid suppliers (R 500 000) on behalf of the municipality.		
<b>33. Fines</b>		
Traffic fines	36 329	165 740
The whole amount relates to traffic fines and recognition was based on GRAP23 requirements.		

## Nketoana Local Municipality

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Figures in Rand	2018	2017
<b>34. Employee related costs</b>		
Acting allowances	2 677 750	1 784 009
Basic	71 469 597	60 305 954
Bonus	4 550 869	3 639 533
Defined contribution plans	287 000	1 165 000
Housing benefits and allowances	1 325 802	1 087 113
Leave pay and bonus provision	1 248 515	1 406 333
Medical aid - company contributions	1 760 198	2 198 867
Overtime payments	5 646 544	7 087 001
Pension	11 050 489	9 487 103
SALGA contributions	56 580	49 402
SDL	965 412	864 888
Standby allowances	1 924 896	2 092 146
Telephone and other allowances	1 037 737	853 882
Travel, car, accommodation, subsistence and other allowances	4 844 283	3 051 972
UIF	777 867	648 965
WCA	94 919	128 531
	<b>109 718 458</b>	<b>95 850 699</b>

The *leave pay and bonus provision* comprises of the year-on-year movements in the leave and bonus provisions. Refer to note 21 for more detail on these employee benefit liabilities.

#### Remuneration of Executive Directors

##### Remuneration of Acting Accounting Officer

Annual remuneration	-	48 182
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##### Remuneration of Accounting Officer

Annual remuneration	1 203 856	1 028 560
Acting allowance	100 749	-
Car allowance	96 000	188 000
Bonus	75 000	163 500
Other allowances	48 000	121 239
Contributions to UIF, medical and pension funds	16 920	228 947
	<b>1 540 525</b>	<b>1 730 246</b>

##### Remuneration of Acting Chief Financial Officer

Annual remuneration	340 692	328 269
Acting allowance	481 195	348 368
Car allowance	130 662	130 662
Bonus	28 391	26 445
Other allowances	4 514	21 913
Contributions to UIF, medical and pension funds	133 555	172 049
	<b>1 119 009</b>	<b>1 027 706</b>

##### Remuneration of Executive Director - Corporate Services

Annual remuneration	1 135 248	926 875
Car allowance	42 000	39 500
Bonus	68 000	54 000
Other allowances	36 000	44 702
Contributions to UIF, medical and pension funds	14 605	3 569
	<b>1 295 853</b>	<b>1 068 646</b>

##### Remuneration of Executive Director - Technical Services

Annual remuneration	382 363	764 759
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Figures in Rand	2018	2017
<b>34. Employee related costs (continued)</b>		
Car allowance	45 000	104 667
Bonus	59 429	58 383
Other allowances	60 000	144 944
Contributions to UIF, medical and pension funds	6 160	3 569
	<b>552 952</b>	<b>1 076 322</b>
<b>Remuneration of Executive Director - Community Services</b>		
Annual remuneration	537 751	874 875
Acting allowance	137 484	-
Car allowance	76 577	91 000
Bonus	28 391	54 000
Other allowances	2 633	44 477
Contributions to UIF, medical and pension funds	53 130	38 188
	<b>835 966</b>	<b>1 102 540</b>
No performance bonuses were paid to Executive Directors in the current or prior year. All bonuses refer to salary structuring based on individual requests.		
<b>35. Remuneration of councillors</b>		
Salaries	3 904 435	5 620 545
Mayor	582 722	512 959
Bonuses	-	33 870
Car and other allowances	1 406 428	1 029 045
	<b>5 893 585</b>	<b>7 196 419</b>
<b>In-kind benefits</b>		
The Mayor and Speaker are full-time employees of the Municipality. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and Speaker have the use of Council owned vehicles for official duties.		
The Mayor and Speaker have the use of Council owned laptops and tablets.		
Councillor remuneration is in line with the upper limits that is Gazetted by the Department of Cooperative Governance and the framework envisaged in section 219 of the Constitution.		
No performance bonuses were paid to Councillors in the current or prior year. All bonuses refer to the structuring of remuneration based on individual requests.		
Mayor	809 507	774 008
Executive Committee	1 424 913	1 534 404
Councillors	3 004 751	3 242 804
Speaker	654 414	698 529
	<b>5 893 585</b>	<b>6 249 745</b>
<b>36. Depreciation and amortisation</b>		
Property, plant and equipment	65 494 784	72 138 171
Intangible assets	16 227	16 227
	<b>65 511 011</b>	<b>72 154 398</b>

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>37. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment	548 280	16 300
During the annual asset verification process assets were identified that was lost, stolen or damaged.		
The main classes of assets affected by impairment losses are:		
Infrastructure assets - R 545 679 (2017: R 15 328)		
Other property, plant and equipment - R 2 601 (2017: R 972)		
<b>38. Finance costs</b>		
Non-current borrowings	803 958	492 069
Trade and other payables	19 656 562	15 550 483
Landfill site provision	1 380 479	1 353 568
	<b>21 840 999</b>	<b>17 396 120</b>
<b>39. Lease rentals on operating lease</b>		
Lease rentals on operating lease	3 035 982	3 109 276
<b>40. Debt impairment</b>		
Bad debts written off	48 721 632	52 208 251
Contributions to debt impairment provision	52 637 936	41 574 286
	<b>101 359 568</b>	<b>93 782 537</b>
Actual bad debts written off amounted to R 48 718 342 (2017: R 52 208 251) whilst the increase in the provision for impairment amounted to R 52 637 936 (2017: R 41 574 286).		
<b>41. Bulk purchases</b>		
Electricity	46 522 420	47 894 493
Water	302 992	265 067
	<b>46 825 412</b>	<b>48 159 560</b>
<b>42. Contracted services</b>		
Specialist Services	8 956 994	11 151 398
Other Contractors	3 095 965	1 159 360
	<b>12 052 959</b>	<b>12 310 758</b>

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Figures in Rand	2018	2017
<b>43. General expenses</b>		
Accommodation	(3 674)	-
Advertising	197 851	252 000
Assets expensed	1 051 957	2 306 055
Auditors remuneration	4 720 743	5 760 471
Bank charges	722 069	626 666
Chemicals	1 999 369	1 702 537
Cleaning	350 330	645 401
Commission paid	937 040	993 425
Conferences and seminars	350 049	576 984
Consumables	810 001	1 324 275
Debt collection	41 979	31 225
Donations	344 346	6 277 254
Electricity	5 753 587	5 108 771
Entertainment	48 540	365 371
Fines and penalties	151 452	8 090
Fuel and oil	2 913 236	2 300 193
Gifts (bursaries)	349 681	170 985
Insurance	6 272	1 156 606
Licences	496 299	2 130 406
Maintenance	18 256 387	15 519 910
Other expenses	646 810	1 104 132
Postage and courier	439 405	552 922
Printing and stationery	807 542	1 923 776
Promotions	1 063 129	1 737 664
Refuse	983 377	960 234
Security (guarding of municipal property)	-	45 457
Sports campaign	-	9 182
Subscriptions and membership fees	794 540	45 579
Telephone and fax	1 203 016	1 478 692
Tourism development	78 950	26 860
Training	749 860	272 161
Travel - local	1 950 063	2 575 490
Uniforms	1 148 154	1 375 696
	<b>49 362 360</b>	<b>59 364 470</b>

*Maintenance* comprises of expenditure incurred per department to maintain movable and immovable assets and so ensure that the expected useful lives are reached. Below are the biggest contributors to this amount:

- Infrastructure R (2017:R 10 802 226)
- Land and buildingsR (2017:R 749 983)
- Machinery and equipment R (2017:R 486 962)
- Vehicles R (2017:R 1 580 127)

#### 44. Loss on disposal of assets and liabilities

Property, plant and equipment	(1 707 498)	(1 464 358)
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#### 45. Fair value adjustments

Biological assets	27 953	14 987
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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>46. Cash generated from operations</b>		
Deficit	(95 906 908)	(87 666 570)
<b>Adjustments for:</b>		
Depreciation and amortisation	65 511 011	72 154 398
Loss on sale of assets and liabilities	1 707 498	1 464 358
Fair value adjustments	(27 953)	(14 987)
Impairment deficit	548 280	16 300
Debt impairment	101 359 568	93 782 537
Movements in retirement benefit assets and liabilities	1 077 000	(826 000)
Movements in provisions	1 380 479	1 258 326
<b>Changes in working capital:</b>		
Inventories	(62 836)	(97 195)
Receivables from exchange transactions	(23 229)	(8 306)
Consumer debtors	(102 984 994)	(94 760 678)
Other receivables from non-exchange transactions	(5 159 675)	(96 474)
Payables from exchange transactions	48 299 946	61 161 902
VAT	3 256 559	(5 237 707)
Unspent conditional grants and receipts	219 780	(92 019)
Consumer deposits	(931 163)	53 127
	<b>18 263 363</b>	<b>41 091 012</b>



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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>47. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	52 698 120	65 821 731
<b>Not yet contracted for and authorised by accounting officer</b>		
• Property, plant and equipment	15 809 608	145 529 484
<b>Total capital commitments</b>		
Already contracted for but not provided for	52 698 120	65 821 731
Not yet contracted for and authorised by accounting officer	15 809 608	64 874 684
	<b>68 507 728</b>	<b>130 696 415</b>
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Expenditure	8 698 231	20 196 201
<b>Not yet contracted for and authorised by accounting officer</b>		
• Expenditure	-	32 061 829
<b>Total operational commitments</b>		
Already contracted for but not provided for	8 698 231	20 196 201
Not yet contracted for and authorised by accounting officer	-	32 061 829
	<b>8 698 231</b>	<b>52 258 030</b>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	68 507 728	130 696 415
Authorised operational expenditure	8 698 231	52 258 030
	<b>77 205 959</b>	<b>182 954 445</b>
<b>Operating leases - as lessor (income)</b>		
<b>Minimum lease payments due</b>		
- within one year	83 354	75 221
- in second to fifth year inclusive	181 213	203 554
- later than five years	58 654	92 265
	<b>323 221</b>	<b>371 040</b>

Certain of the municipality's equipment is held to generate rental income. There are no contingent rents receivable.

## Nketoana Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 48. Contingencies

The municipality is being sued for the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities are uncertain.

Litigation is in the process against the municipality relating to damage to property of J Shabalala. The amount under dispute is R 187 100. The legal fees amount to R 46 775.

Litigation is in the process between the municipality and the Department of Water and Sanitation relating to statutory obligations. The amount under dispute is R 5 557 334. The legal fees amount to R 1 389 333.

Litigation is in the process against the municipality relating to a dispute with Mothei Construction. The amount under dispute is R 2 104 255. The legal fees amount to R 526 064.

Litigation is in the process against the municipality relating to a dispute with TLWG Lekota. The amount under dispute is R 310 000. The legal fees amount to R 77 500.

Litigation is in the process against the municipality relating to a dispute with DD Radebe. The amount under dispute is R 1 568 229. The legal fees amount to R 392 057.

Litigation is in the process against the municipality relating to a dispute with Rudnat Projects CC. The amount under dispute is R 5 287 036. The legal fees amount to R 1 321 759.

Litigation is in the process against the municipality relating to physical injuries to DE Motaung. The amount under dispute is R 3 422 000. The legal fees amount to R 863 750.

Litigation is in the process against the municipality relating to a claim of payment for performance and premature termination of contract with Tshiya Infrastructure Development (PTY) Ltd . The amount under dispute is R 1 739 517. The legal fees amount to R 434 880.

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>49. Related parties</b>		
<b>Relationships</b>		
Accounting Officer	Refer to accounting officer's report	
Chief Financial Officer	Xolani Malindi	
Councillors	Shabalala Ncani Selina (Dexpro Construction and Trading)	
	Blignaut Marthinus (Agristan SA, Monaufc Belegging; NG Welsyn Reitz Wooneenhede; NG Welsyn Reitz Tehuis, Tipakri Eiendomsbeleggings)	
	Mokoena Kgaketla Abram ( Re Bonahetse Construction)	
	Mofokeng Phoka Petrus (PMMM Builders, Purple Moss 1057)	
	Mofokeng Nto,mbizonke Liesbet ( Mamafielo Construction)	
	Mphaka Mamahlape Roselina ( Nketoane Women Primary Cooperative Limited)	
	Mkwanazi Motemote( Kgware Security and Cleaning Services)	
	Mosia Mokete Jeremiah ( Liphororo Productions, Central Bridge Trading 483)	
	Nhlapo Buyisiwe Martha ( Ibutho Multi-Purpose Co-opeterive Limited, Buyiphila Trading)	
Managers	Maseko Sebina Mable ( Maseko and Moji Trading and Projects)	
	Letsela Simon Moeketsi ( Thabo Mofutsanyane Goodman Football Academy, Small Green Garden Centre, Lapoloha Restaurant, Thanks Farm Enterprise)	
	Mzizi Masolomane Samuel ( Mgibane Construction, Mzito Civils Enterprise)	
	Fume Lebesse Louis(Feu Riough Tradiung and Projects)	
Directors	Moletsane Morakane Miriam (Keewave Trading 97, Femininity in Development, Superior quality Engineering and Technologies 97, Thembalentswe Construction and Projects, Moletsane and Diale Service Providers, Moletsanemm Project Management and Construction)	
	Nhlapo Solomon Mokete (Kido Consulting)	
	Manzi Mwandile Penwell (Pemza Consultancy agency, Nthape IT, Mamampu Trading Enterprise, Mzwajo project Management Services)	
	Malindi Xolani (Lokshin Vibe, Sebenzile Sonke, African Elimu Fund)	
	Morokolo Motlanalo Patricia ( Katlego Hair Salon, MKM Project Managers,MKTT Salon and Transport)	

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 49. Related parties (continued)

Related parties include:

- entities that are directly or indirectly controlled by the municipality;
- associates;
- joint ventures and management;
- key management personnel, and close members of the family of key management personnel;
- entities in which a substantial ownership interest is held, directly or indirectly, by key management personnel or entities over which such a person is able to exercise significant influence; and
- entities that control or exert significant influence over the municipality

#### Executive management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the municipal entity, directly or indirectly, including any director (whether executive or otherwise) of the municipality. The municipality's key management personnel includes the Accounting officer, Executive Directors and close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the group.

#### Related party balances and transactions

No transactions took place between the municipality and key management personnel or their close family members during the reporting period.

#### Remuneration of management and council

Details relating to remuneration of key management and council have been included in notes 34 & 35.

## Nketoana Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 50. Prior period errors

The municipality corrected the following prior period errors retrospectively and restated comparative amounts in terms of GRAP 3 -Accounting policies, Changes in Estimates and Errors:

Management of Nketoana Local Municipality, while preparing the annual financial statements for the year ending 30 June 2018, made corrections to prior year's provision for leave account and Employee cost. These corrections were treated as prior period errors and the net effect was as follows:

- Decrease/Debit Accumulated surplus R 90 912
- Decrease/Debit Employee cost R 203 294
- Increase/Credit Provision for leave (R 294 207)

Management of Nketoana Local Municipality, while preparing the annual financial statements for the year ending 30 June 2018, made corrections to prior year's Biological Asset, contributions and donations and fair value adjustment. These corrections were treated as prior period errors and the net effect was as follows:

- Increase/Debit Biological Assets R 7 300
- Increase/Credit Public contributions and donations (R 5 500)
- Increase/Credit Fair value adjustment (R 1800)

Management of Nketoana Local Municipality, while preparing the annual financial statements for the year ending 30 June 2018, made corrections to prior year's Provision (landfill site), Finance cost and Accumulated surplus. These corrections were treated as prior period errors and the net effect was as follows:

- Decrease/Debit Accumulated Surplus R 41 704 313
- Increase/Debit Finance cost R 804 853
- Increase/Credit Provision for solid waste (R 42 509 166)

Management of Nketoana Local Municipality, while preparing the annual financial statements for the year ending 30 June 2018, made corrections to prior year's Bulk water purchases and Trade and other payables. These corrections were treated as prior period errors and the net effect was as follows:

- Increase/Debit Expenditure: Bulk Water Purchase R 101 096
- Increase/Credit Trade and other payables (R 101 096)

Management of Nketoana Local Municipality, while preparing the annual financial statements for the year ending 30 June 2018, made corrections to prior year's Employee benefit obligation and Accumulated surplus. These corrections were treated as prior period errors and the net effect was as follows:

- Decrease/Debit Employee benefit obligation - LSA R 3 752 000
- Increase/Credit Accumulated surplus (R 3 752 000)

Management of Nketoana Local Municipality, while preparing the annual financial statements for the year ending 30 June 2018, made corrections to prior year's Property, plant and equipment. These corrections were treated as prior period errors and the net effect was as follows:

- Increase/Debit Property, plant and equipment - Cost R 66 818 543
- Increase/Credit Property, plant and equipment - Accumulated depreciation R 21 410 199
- Increase/Credit Accumulated surplus (R 45 408 344)

Management of Nketoana Local Municipality, while preparing the annual financial statements for the year ending 30 June 2018, made the following reclassifications:

- Decrease/Credit Depreciation R 16 300
- Increase/Credit Impairment loss/ Reversal of impairments (R 16 300)

The correction of the errors resulted in adjustments as follows

#### Statement of financial position

Biological assets	-	7 300
Employee benefit obligation	-	3 752 000
Property, Plant and Equipment	-	32 098 972
Provision for solid waste	-	(42 509 166)
Trade and other payables - Accrued leave pay	-	(294 207)
Trade and other payables - Trade payables	-	(101 096)
Closing balance Accumulated Surplus	-	7 365 119

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>50. Prior period errors (continued)</b>		
<b>Statement of Financial Performance</b>		
Bulk purchases	-	101 096
Depreciation and amortisation	-	13 293 072
Employee Cost	-	203 295
Fair value adjustments	-	(5 500)
Finance cost	-	804 853
Impairment loss/ Reversal of impairments	-	16 300
Public contributions and donations	-	(1 800)
Deficit for the year	-	(14 411 315)

### 51. Risk management

#### Financial risk management

This note presents information about the municipality's exposure to each of the financial risks below and the municipality's objectives, policies and procedures for measuring and managing financial risks. Further quantitative disclosures are included in the annual financial statements.

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Council has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the municipality's internal audit function.

The municipality monitors and manages the financial risks relating to the operations of the municipal entity through internal risk reviews which analyse exposures by degree and magnitude of risks. These risks include the following:

- liquidity risk;
- credit risk; and
- market risk (including interest rate risk).

The municipality seeks to minimise the effects of these risks in accordance with the municipality's policies approved by the Council. The policies provide written principles on interest rate risk, credit risk and in the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade in financial instruments for speculative purposes.



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#### 51. Risk management (continued)

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The municipality's exposure to liquidity risk is as a result of the funds not being available to cover future commitments. The municipality manages liquidity risk through ongoing review of commitments.

The municipality has started to improve the cash funds available. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The municipality has not defaulted on payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

All of the municipality's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the municipality.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management reviews credit risk annually when the impairment and discounting of receivables are performed. Risk control mainly assesses the payment patterns of the consumers.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2018	2017
Consumers	-	19 010 238
Cash and cash equivalents	-	(2 480 239)
Receivables from non-exchange transactions	-	1 824 616
Other financial assets	-	4 892 128

##### Market risk

##### Market rate risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no change, since the previous financial year to the municipality's exposure to market risks or the manner in which it manages and measures the risk.



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#### 51. Risk management (continued)

##### Interest rate risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Long term borrowings are therefore usually at fixed rates. The municipality's exposures to interest rates on financial assets and financial liabilities are detailed below:

At year-end, financial instruments exposed to interest rate risk due to being linked to prime interest rate were as follows:

- Call and notice deposits/investments
- Current bank accounts
- Interest charged on consumer receivables from exchange transactions overdue

The municipality's interest rate risk arises from the above financial instruments being linked to the prime interest rate. The prime interest rate is used as a factor in calculating the interest received or interest charged on these financial instruments. Fluctuations in the prime interest rate during the year give rise to a possible interest rate risk affecting the municipality.

Interest charged on customers' account and or received from investment are calculated using the prime rate at the beginning of the financial year on a weighted average basis. Since this interest rate is only based on prime rate at one point during the financial year, fluctuations in prime during the year will not have a material effect on these financial instruments.

##### Fair values

The municipality's financial instruments consist mainly of cash and cash equivalents, investments, trade receivables, trade payables and long term debt.

No financial asset was carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

##### Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities

##### Investments

Investments are carried at their original cost in the statement of financial position, except for those where the interest received are capitalised.

##### Receivables from exchange transactions

The carrying amount of trade receivables, net of provision for impairment (provision for bad debt) approximates fair value due to the relatively short-term maturity of these financial assets.

##### Trade payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of this financial liability.

##### Interest bearing loans

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in surplus or deficit over the period of the borrowings on an effective interest basis. The fair value of interest bearing borrowings with variable interest rates approximates their carrying amounts.

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

##### Cash flow interest rate risk

##### Fair value interest rate risk

## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 51. Risk management (continued)

##### Capital risk

Capital risk refers to the risk that an entity will lose the amount of an investment. An investor takes on capital risk each time an investment is made in anything other than a risk-free security. Capital risk is limited to the amount an entity has invested.

##### Financial instrument

VKB - Unlisted shares	5 000	5 000
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The municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

##### Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. These changes are caused by factors specific to the individual financial instruments for its users or by factors affecting all similar financial instruments in the market. The municipality's financial instruments are affected by the whole sale price of electricity from ESKOM and water from the Department of Water Affairs.

#### 52. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus of R 678 106 214 and that the municipality's total current liabilities exceed its current assets..

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The municipality's current financial health however indicates that a material uncertainty exists as the municipality may not be able to realise its assets and discharge its liabilities.

At 30 June 2018 the Municipality's current ratio was 0.1 to 1.0. The current ratio is a liquidity ratio that measures an entity's ability to pay short-term and long-term obligations. To gauge this ability, the current ratio considers the total assets of an entity (both liquid and illiquid) relative to that entity's total liabilities. (Current Ratio = Current Assets / Current Liabilities).

The amount payable to Eskom accounts for more than 60% of the trade payable balance. During the previous financial year management of Nketoana Local Municipality negotiated with Eskom via Provincial Treasury to arrange repayment of the outstanding balance over a 48 month term.

This and other arrangements with significant payables, strengthened the current ratio.

Management compiled a revenue enhancement strategy that was approved by council. This strategy includes the collection of arrears via the prepaid electricity system; and termination, blocking or reduction of services due to non-payment.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

#### 53. Unauthorised expenditure

Opening balance	259 629 854	181 728 780
Current year	-	77 901 074
	<b>259 629 854</b>	<b>259 629 854</b>

#### 2018

The current year expenditure relates to expenditure incurred for which there was no budget or for expenditure which was incurred after the budget had been depleted.

Please refer to the Statement of Comparison of Budget and Actual Amounts on page 11 for more information on the unauthorised expenditure.

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#### 54. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	36 516 547	19 728 643
Current year - interest on overdue accounts	20 816 698	16 787 904
	<b>57 333 245</b>	<b>36 516 547</b>

The current year fruitless and wasteful expenditure relates to interest and penalties on overdue submissions and accounts.

#### Details of fruitless and wasteful expenditure

	2018 Interest on overdue accounts	2017 Interest on overdue accounts
Auditor-General	517 922	442 539
Eskom	19 502 406	15 509 062
Other suppliers	694 059	468 991
South African Revenue Services	102 311	367 312
	<b>20 816 698</b>	<b>16 787 904</b>

#### 55. Irregular expenditure

Opening balance	143 930 775	120 117 675
Add: Irregular Expenditure - current year	15 372 536	23 813 100
	<b>159 303 311</b>	<b>143 930 775</b>

#### Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Section 32	None	14 117 486
SCM processes not followed	None	696 084
Bidding process not followed (N&C)	None	558 966
		<b>15 372 536</b>

#### 56. Additional disclosure in terms of Municipal Finance Management Act

##### Contributions to organised local government

Opening balance	234 090	-
Current year subscription / fee	105 547	782 040
Amount paid - current year	(105 547)	(547 950)
Amount paid - previous years	(206 953)	-
	<b>27 137</b>	<b>234 090</b>

Contributions to organised local government consist of annual subscriptions paid to SALGA.

## Nketoana Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 56. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Material distribution losses

Electricity	6 567 039	927 490
Water	8 553 933	7 186 783
	<b>15 120 972</b>	<b>8 114 273</b>

##### Bulk water losses

	Kiloliter	Percentage (%)
2018	993 488	27
2017	1 007 964	27
	<b>2 001 452</b>	<b>54</b>

##### Distribution losses - Water

The water losses are mainly due to metering inefficiencies, burst pipes and leaks in the reticulation network. In the current year the water losses were 27% (2017: 27%).

kL - units	993 488	1 007 964
Percentage	27%	27%

##### Distribution losses - Electricity

In the current year the energy losses were 12.65% (2017: 1.13%). These losses are the result off theft, vandalism, faulty meters and variances in monthly consumption estimates. Management has determined that these losses are not recoverable.

kWh - units	5 051 568	605 174
Percentage	12.65%	1.13%

The electricity distribution loss comprises of technical and non-technical losses. The annual electricity distribution losses are made up of technical and non-technical losses which are the difference between electricity purchased and electricity sold.

##### Non-technical losses:

Non-technical losses are amongst others the result of administrative and technical errors, negligence, theft of electricity, tampering with meters and connections which form part of illegal consumption, faulty meters, etc.

##### Technical losses:

Technical losses are the result of electricity losses while being distributed from the source of generation through the transmission and distribution network to the final consumer. Technical losses are inherent to the supply of electricity via lines and is further affected by the condition and age of the network, the weather conditions and load on the system. The wires (copper or aluminum) being used to distribute electricity has certain resistance which resist the throughput of current, as a result there is a certain portion of electricity that is lost due to distribution.

##### Audit fees

Opening balance	5 809 135	5 102 792
Current year subscription / fee	4 703 317	5 706 343
Amount paid - current year	(4 703 317)	(5 000 000)
Amount paid - previous years	(2 978 396)	-
	<b>2 830 739</b>	<b>5 809 135</b>

##### PAYE and UIF

Current year subscription / fee	12 265 936	10 478 429
Amount paid - current year	(12 265 936)	(10 478 429)
	-	-

## Nketoana Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 56. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Pension and Medical Aid Deductions

Opening balance	2 984 193	1 014 303
Current year subscription / fee	20 570 753	16 890 394
Amount paid - current year	(20 570 753)	(14 920 504)
Amount paid - previous years	(2 984 193)	-
	<b>-</b>	<b>2 984 193</b>

##### VAT

VAT payable	9 800 326	6 543 767
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VAT output payables and VAT input receivables are shown in note 19.

All VAT returns have not been submitted by the due date throughout the year.

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018	Outstanding more than 90 days R
Makhoba, P	31 764
Mofokeng, OS	2 910
Mokoena, TE	4 198
Mosia, MJ	23 023
Tsotetsi, Ms	11 559
	<b>73 454</b>

30 June 2017	Outstanding more than 90 days R
De Friend, P	15 239
Mofokeng, K	3 611
Mokoena, TE	6 031
Mosia, MJ	27 148
Motloung, MS	13 932
Nhlapo, BM	93 344
	<b>159 305</b>

During the year all the Councillors' with arrear accounts entered into repayment agreements with the municipality.

##### Non-compliance with sections of MFMA

- Section 14(2)
- Section 32(2)(a) and (b), 32(4)
- Section 62(2)(e)

#### 57. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	6 538 222	8 837 892
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## Nketoana Local Municipality

(Registration number FS193)

Annual Financial Statements for the year ended 30 June 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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#### 57. Utilisation of Long-term liabilities reconciliation (continued)

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

#### 58. Deviation from supply chain management regulations

	2018	2017
Deviations for the current year	1 454 028	79 779

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The following are the deviation amounts and reasons:

R 441 571 - 2 emergency deviation instances occurred to purchase new pumps.

R 1 012 457 - 5 emergency deviation instances occurred to repair faulty existing pumps.

#### 59. Change in estimate

##### Property, plant and equipment

The residual values, estimated useful lives and depreciation method were reviewed at 30 June 2018. Adjustments to the residual values and useful lives affect the amount of depreciation for the current year and is expected to affect future periods as well.

The remaining useful lives of Buildings, Infrastructure and Other property, plant and equipment was increased based on the condition of the assets. Effect of the change in the useful lives:

Increase / (Decrease) in Depreciation on Buildings	(7 503 007)	-
Increase / (Decrease) in Depreciation on Infrastructure assets	(116 214)	-
Increase / (Decrease) in Depreciation on Other property, plant and equipment	(295 299)	-
	<b>(7 914 520)</b>	<b>-</b>



## Nketoana Local Municipality

### Appendix A

June 2018

#### Schedule of external loans as at 30 June 2018

	Loan Number	Redeemable	Balance at 30 June 2017	Interest charged during the period	Repayments during the period	Balance at 30 June 2018	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			Rand	Rand	Rand	Rand		
Development Bank of South Africa								
DBSA Loan @ 9.26%	61000275		7 543 785	688 796	1 694 360	6 538 221	-	-
DBSA Loan @ 9,09%	61000276		1 294 106	11 534	1 305 640	-	-	-
			8 837 891	700 330	3 000 000	6 538 221	-	-
Lease liability								
Nashua			467 741	23 563	238 027	253 277	199 249	-
			467 741	23 563	238 027	253 277	199 249	-
Total external loans			9 305 632	723 893	3 238 027	6 791 498	199 249	-



**Nketoana Local Municipality**  
**Appendix B**  
June 2018

**Analysis of property, plant and equipment as at 30 June 2018**

<b>Cost/Revaluation</b>						<b>Accumulated depreciation</b>							
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	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Fair value adjustment Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying Value Rand
<b>Land and buildings</b>														
Land	17 838 185	-	-	-	-	-	17 838 185	-	-	-	-	-	-	17 838 185
Buildings	236 328 103	9 906 765	-	-	-	309 219	246 544 087	(116 757 348)	-	-	(6 242 824)	-	(123 000 172)	123 543 915
	<b>254 166 288</b>	<b>9 906 765</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309 219</b>	<b>264 382 272</b>	<b>(116 757 348)</b>	<b>-</b>	<b>-</b>	<b>(6 242 824)</b>	<b>-</b>	<b>(123 000 172)</b>	<b>141 382 100</b>
<b>Infrastructure</b>														
Electricity	118 877 813	-	(5 988)	-	-	-	118 871 825	(55 773 278)	3 593	-	(3 627 841)	-	(59 397 526)	59 474 299
Roads and Stormwater	809 861 913	16 398 340	(2 593 776)	-	-	24 297 559	847 964 036	(502 431 756)	2 387 345	-	(25 078 615)	-	(525 123 026)	322 841 010
Sewer	260 932 350	394 090	(1 124 068)	-	-	23 787 037	283 989 409	(99 648 885)	216 350	-	(5 180 431)	(413 195)	(105 026 161)	178 963 248
Solid Waste - Landfill sites	65 586 811	-	-	-	-	668 921	66 255 732	(27 638 572)	-	-	(13 461 378)	-	(41 099 950)	25 155 782
Water	312 927 806	10 797 717	(2 496 321)	-	-	93 013 625	414 242 827	(159 398 778)	1 414 854	-	(10 038 551)	(132 484)	(168 154 959)	246 087 868
	<b>1 568 186 693</b>	<b>27 590 147</b>	<b>(6 220 153)</b>	<b>-</b>	<b>-</b>	<b>141 767 142</b>	<b>1 731 323 829</b>	<b>(844 891 269)</b>	<b>4 022 142</b>	<b>-</b>	<b>(57 386 816)</b>	<b>(545 679)</b>	<b>(898 801 622)</b>	<b>832 522 207</b>
<b>Leased Assets</b>														
Office Equipment	649 339	-	-	-	-	-	649 339	(233 643)	-	-	(216 447)	-	(450 090)	199 249
	<b>649 339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>649 339</b>	<b>(233 643)</b>	<b>-</b>	<b>-</b>	<b>(216 447)</b>	<b>-</b>	<b>(450 090)</b>	<b>199 249</b>
<b>Other assets</b>														
Emergency equipment	285 603	-	-	-	-	-	285 603	(158 074)	-	-	(23 029)	-	(181 103)	104 500
Plant & equipment	3 651 325	41 925	(62 658)	-	-	-	3 630 592	(2 248 219)	52 925	-	(326 646)	-	(2 521 940)	1 108 652
Furniture & Fittings	3 860 752	51 774	(12 702)	-	-	-	3 899 824	(2 558 645)	11 442	-	(339 451)	-	(2 886 654)	1 013 170
Office Equipment	6 286 179	371 749	(659 369)	-	-	-	5 998 559	(3 827 409)	515 031	-	(709 533)	-	(4 021 911)	1 976 648
Motor Vehicles	5 664 419	-	(860 600)	-	-	-	4 803 819	(2 028 567)	387 937	-	(252 640)	-	(1 893 270)	2 910 549
	<b>19 748 278</b>	<b>465 448</b>	<b>(1 595 329)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 618 397</b>	<b>(10 820 914)</b>	<b>967 335</b>	<b>-</b>	<b>(1 651 299)</b>	<b>-</b>	<b>(11 504 878)</b>	<b>7 113 519</b>
<b>Total property plant and equipment</b>														
Land and buildings	254 166 288	9 906 765	-	-	-	309 219	264 382 272	(116 757 348)	-	-	(6 242 824)	-	(123 000 172)	141 382 100
Infrastructure	1 568 186 693	27 590 147	(6 220 153)	-	-	141 767 142	1 731 323 829	(844 891 269)	4 022 142	-	(57 386 816)	(545 679)	(898 801 622)	832 522 207
Leased Assets	649 339	-	-	-	-	-	649 339	(233 643)	-	-	(216 447)	-	(450 090)	199 249
Other assets	19 748 278	465 448	(1 595 329)	-	-	-	18 618 397	(10 820 914)	967 335	-	(1 651 299)	-	(11 504 878)	7 113 519
	<b>1 842 750 598</b>	<b>37 962 360</b>	<b>(7 815 482)</b>	<b>-</b>	<b>-</b>	<b>142 076 361</b>	<b>2 014 973 837</b>	<b>(972 703 174)</b>	<b>4 989 477</b>	<b>-</b>	<b>(65 497 386)</b>	<b>(545 679)</b>	<b>1 033 756 762</b>	<b>981 217 075</b>

**Nketoana Local Municipality**  
**Appendix B**  
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**Analysis of property, plant and equipment as at 30 June 2018**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Fair value adjustment Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying Value Rand
<b>Agricultural/Biological assets</b>														
Game	45 000	-	-	-	27 953	-	72 953	-	-	-	-	-	-	72 953
	<b>45 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27 953</b>	<b>-</b>	<b>72 953</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72 953</b>
<b>Intangible assets</b>														
Computer Software	240 691	-	-	-	-	-	240 691	(191 320)	-	-	(16 227)	-	(207 547)	33 144
	<b>240 691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240 691</b>	<b>(191 320)</b>	<b>-</b>	<b>-</b>	<b>(16 227)</b>	<b>-</b>	<b>(207 547)</b>	<b>33 144</b>
<b>Investment properties</b>														
Land and Buildings	13 966 723	-	-	-	-	-	13 966 723	-	-	-	-	-	-	13 966 723
	<b>13 966 723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 966 723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 966 723</b>
<b>Heritage assets</b>														
Jewelry	529 800	-	-	-	-	-	529 800	-	-	-	-	-	-	529 800
	<b>529 800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>529 800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>529 800</b>
<b>Total</b>														
Land and buildings	254 166 288	9 906 765	-	-	-	309 219	264 382 272	(116 757 348)	-	-	(6 242 824)	-	(123 000 172)	141 382 100
Infrastructure	1 568 186 693	27 590 147	(6 220 153)	-	-	141 767 142	1 731 323 829	(844 891 269)	4 022 142	-	(57 386 816)	(545 679)	(898 801 622)	832 522 207
Leased Assets	649 339	-	-	-	-	-	649 339	(233 643)	-	-	(216 447)	-	(450 090)	199 249
Other assets	19 748 278	465 448	(1 595 329)	-	-	-	18 618 397	(10 820 914)	967 335	-	(1 651 299)	-	(11 504 878)	7 113 519
Agricultural/Biological assets	45 000	-	-	-	27 953	-	72 953	-	-	-	-	-	-	72 953
Intangible assets	240 691	-	-	-	-	-	240 691	(191 320)	-	-	(16 227)	-	(207 547)	33 144
Investment properties	13 966 723	-	-	-	-	-	13 966 723	-	-	-	-	-	-	13 966 723
Heritage assets	529 800	-	-	-	-	-	529 800	-	-	-	-	-	-	529 800
	<b>1 857 532 812</b>	<b>37 962 360</b>	<b>(7 815 482)</b>	<b>-</b>	<b>27 953</b>	<b>142 076 361</b>	<b>2 029 784 004</b>	<b>(972 894 494)</b>	<b>4 989 477</b>	<b>-</b>	<b>(65 513 613)</b>	<b>(545 679)</b>	<b>1 033 964 309</b>	<b>995 819 695</b>

**Nketoana Local Municipality**  
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**Analysis of property, plant and equipment as at 30 June 2017**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Fair value adjustment Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Land and buildings</b>														
Land	17 838 185	-	-	-	-	-	17 838 185	-	-	-	-	-	-	17 838 185
Buildings	223 540 671	12 885 557	(98 124)	-	-	4 250 632	240 578 736	(110 945 953)	60 461	-	(5 856 528)	(15 328)	(116 757 348)	123 821 388
	<b>241 378 856</b>	<b>12 885 557</b>	<b>(98 124)</b>	<b>-</b>	<b>-</b>	<b>4 250 632</b>	<b>258 416 921</b>	<b>(110 945 953)</b>	<b>60 461</b>	<b>-</b>	<b>(5 856 528)</b>	<b>(15 328)</b>	<b>(116 757 348)</b>	<b>141 659 573</b>
<b>Infrastructure</b>														
Electricity	118 877 813	-	-	-	-	-	118 877 813	(52 145 437)	-	-	(3 627 841)	-	(55 773 278)	63 104 535
Roads and Stormwater	794 395 436	15 591 366	(124 889)	-	-	24 875 850	834 737 763	(470 528 121)	124 889	-	(32 028 524)	-	(502 431 756)	332 306 007
Sewer	261 833 520	-	(901 169)	-	-	22 807 049	283 739 400	(95 032 309)	604 527	-	(5 221 103)	-	(99 648 885)	184 090 515
Solid Waste - Landfill sites	65 586 811	-	-	-	-	330 000	65 916 811	(14 177 194)	-	-	(13 461 378)	-	(27 638 572)	38 278 239
Water	310 893 620	4 391 312	(2 357 126)	-	-	96 357 656	409 285 462	(150 494 883)	1 093 217	-	(9 996 140)	(972)	(159 398 778)	249 886 684
	<b>1 551 587 200</b>	<b>19 982 678</b>	<b>(3 383 184)</b>	<b>-</b>	<b>-</b>	<b>144 370 555</b>	<b>1 712 557 249</b>	<b>(782 377 944)</b>	<b>1 822 633</b>	<b>-</b>	<b>(64 334 986)</b>	<b>(972)</b>	<b>(844 891 269)</b>	<b>867 665 980</b>
<b>Leased Assets</b>														
Office Equipment	649 339	-	-	-	-	-	649 339	(17 197)	-	-	(216 446)	-	(233 643)	415 696
	<b>649 339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>649 339</b>	<b>(17 197)</b>	<b>-</b>	<b>-</b>	<b>(216 446)</b>	<b>-</b>	<b>(233 643)</b>	<b>415 696</b>
<b>Other assets</b>														
Emergency equipment	285 603	-	-	-	-	-	285 603	(135 045)	-	-	(23 029)	-	(158 074)	127 529
Plant & equipment	3 429 214	222 110	-	-	-	-	3 651 324	(1 885 788)	-	-	(362 451)	-	(2 248 219)	1 403 105
Furniture & Fittings	3 695 207	165 545	-	-	-	-	3 860 752	(2 226 507)	-	-	(332 138)	-	(2 558 645)	1 302 107
Office Equipment	5 690 699	595 479	-	-	-	-	6 286 178	(3 059 806)	-	-	(767 602)	-	(3 827 408)	2 458 770
Motor Vehicles	5 084 200	580 219	-	-	-	-	5 664 419	(1 784 564)	-	-	(244 002)	-	(2 028 566)	3 635 853
	<b>18 184 923</b>	<b>1 563 353</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 748 276</b>	<b>(9 091 690)</b>	<b>-</b>	<b>-</b>	<b>(1 729 222)</b>	<b>-</b>	<b>(10 820 912)</b>	<b>8 927 364</b>
<b>Total property plant and equipment</b>														
Land and buildings	241 378 856	12 885 557	(98 124)	-	-	4 250 632	258 416 921	(110 945 953)	60 461	-	(5 856 528)	(15 328)	(116 757 348)	141 659 573
Infrastructure	1 551 587 200	19 982 678	(3 383 184)	-	-	144 370 555	1 712 557 249	(782 377 944)	1 822 633	-	(64 334 986)	(972)	(844 891 269)	867 665 980
Leased Assets	649 339	-	-	-	-	-	649 339	(17 197)	-	-	(216 446)	-	(233 643)	415 696
Other assets	18 184 923	1 563 353	-	-	-	-	19 748 276	(9 091 690)	-	-	(1 729 222)	-	(10 820 912)	8 927 364
	<b>1 811 800 318</b>	<b>34 431 588</b>	<b>(3 481 308)</b>	<b>-</b>	<b>-</b>	<b>148 621 187</b>	<b>1 991 371 785</b>	<b>(902 432 784)</b>	<b>1 883 094</b>	<b>-</b>	<b>(72 137 182)</b>	<b>(16 300)</b>	<b>(972 703 172)</b>	<b>1 018 668 613</b>

## Nketoana Local Municipality

### Appendix B

June 2018

#### Analysis of property, plant and equipment as at 30 June 2017

Cost/Revaluation      Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Fair value adjustment Rand	Under Construction Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Agricultural/Biological assets</b>														
Game	24 513	5 500	-	-	14 987	-	45 000	-	-	-	-	-	-	45 000
	<b>24 513</b>	<b>5 500</b>	<b>-</b>	<b>-</b>	<b>14 987</b>	<b>-</b>	<b>45 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45 000</b>
<b>Intangible assets</b>														
Computer Software	240 691	-	-	-	-	-	240 691	(175 093)	-	-	(16 227)	-	(191 320)	49 371
	<b>240 691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240 691</b>	<b>(175 093)</b>	<b>-</b>	<b>-</b>	<b>(16 227)</b>	<b>-</b>	<b>(191 320)</b>	<b>49 371</b>
<b>Investment properties</b>														
Land and Buildings	13 877 904	88 818	-	-	-	-	13 966 722	-	-	-	-	-	-	13 966 722
	<b>13 877 904</b>	<b>88 818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 966 722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 966 722</b>
<b>Heritage assets</b>														
Jewelry	529 800	-	-	-	-	-	529 800	-	-	-	-	-	-	529 800
	<b>529 800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>529 800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>529 800</b>
<b>Total</b>														
Land and buildings	241 378 856	12 885 557	(98 124)	-	-	4 250 632	258 416 921	(110 945 953)	60 461	-	(5 856 528)	(15 328)	(116 757 348)	141 659 573
Infrastructure	1 551 587 200	19 982 678	(3 383 184)	-	-	144 370 555	1 712 557 249	(782 377 944)	1 822 633	-	(64 334 986)	(972)	(844 891 269)	867 665 980
Leased Assets	649 339	-	-	-	-	-	649 339	(17 197)	-	-	(216 446)	-	(233 643)	415 696
Other assets	18 184 923	1 563 353	-	-	-	-	19 748 276	(9 091 690)	-	-	(1 729 222)	-	(10 820 912)	8 927 364
Agricultural/Biological assets	24 513	5 500	-	-	14 987	-	45 000	-	-	-	-	-	-	45 000
Intangible assets	240 691	-	-	-	-	-	240 691	(175 093)	-	-	(16 227)	-	(191 320)	49 371
Investment properties	13 877 904	88 818	-	-	-	-	13 966 722	-	-	-	-	-	-	13 966 722
	<b>1 826 473 226</b>	<b>34 525 906</b>	<b>(3 481 308)</b>	<b>-</b>	<b>14 987</b>	<b>148 621 187</b>	<b>2 006 153 998</b>	<b>(902 607 877)</b>	<b>1 883 094</b>	<b>-</b>	<b>(72 153 409)</b>	<b>(16 300)</b>	<b>(972 894 492)</b>	<b>1 033 259 506</b>

## Nketoana Local Municipality

### Appendix E(1)

June 2018

#### Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2018

	Current year 2018 Act. Bal. Rand	Current year 2018 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
<b>Revenue</b>					
Property rates	19 424 857	19 876 000	(451 143)	(2.3)	No explanation needed - variance below 10%
Service charges	139 008 940	144 465 000	(5 456 060)	(3.8)	No explanation needed - variance below 10%
Government grants & subsidies	121 376 133	82 580 000	38 796 133	47.0	
Public contributions and donations	500 000	-	500 000	100.0	
Fines	36 329	330 000	(293 671)	(89.0)	
Rental of facilities and equipment	514 678	578 000	(63 322)	(11.0)	
Interest received (trading)	40 358 478	39 440 263	918 215	2.3	No explanation needed - variance below 10%
Other income	1 224 473	20 103 000	(18 878 527)	(93.9)	
Interest received - investment	742 363	1 304 000	(561 637)	(43.1)	
	323 186 251	308 676 263	14 509 988	4.7	
<b>Expenses</b>					
Personnel	(109 718 458)	(97 963 000)	(11 755 458)	12.0	
Remuneration of councillors	(5 893 585)	(9 501 709)	3 608 124	(38.0)	
Depreciation	(65 511 011)	(58 872 592)	(6 638 419)	11.3	
Impairment	(548 280)	-	(548 280)	100.0	
Finance costs	(21 840 999)	(17 836 000)	(4 004 999)	22.5	
Debt Impairment	(101 359 568)	(54 965 937)	(46 393 631)	84.4	
Lease rentals on operating lease	(3 035 982)	-	(3 035 982)	100.0	
Bulk purchases	(46 825 412)	(50 456 000)	3 630 588	(7.2)	No explanation needed - variance below 10%
Contracted Services	(12 052 959)	(6 773 000)	(5 279 959)	78.0	
General Expenses	(49 362 360)	(49 840 000)	477 640	(1.0)	No explanation needed - variance below 10%
	(416 148 614)	(346 208 238)	(69 940 376)	20.2	
<b>Other revenue and costs</b>					
Gain or loss on disposal of assets and liabilities	(1 707 498)	-	(1 707 498)	100.0	
Fair value adjustments	27 953	-	27 953	100.0	
Actuarial gains or losses	(1 265 000)	-	(1 265 000)	100.0	
	(2 944 545)	-	(2 944 545)	-	
Net surplus/ (deficit) for the year	(95 906 908)	(37 531 975)	(58 374 933)	155.5	

**Nketoana Local Municipality**

**Appendix F**

**Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003**

June 2018

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure				
						Jun				Jun	
Equitable Share	Nat Treasury	33 284 000	26 626 000	19 970 000	-	79 880 000	33 284 000	26 626 000	-	19 970 000	79 880
MIG	Nat Treasury	10 805 000	-	5 042 000	6 925 000	25 755 000	7 237 304	7 080 613	4 884 804	6 552 278	25 755
MFMG	Nat Treasury	1 700 000	-	-	-	-	724 613	264 033	457 927	253 427	1 700
INEP	Provincial	2 500 000	2 500 000	-	-	-	5 000 000	-	192 090	3 235 583	3 427
EPWP	Nat Treasury	250 000	450 000	460 000	-	1 000 000	301 714	308 523	315 235	74 528	1 000
RBIG	Nat Treasury	6 628 194	-	-	3 109 676	9 737 870	3 975 465	851 334	-	4 911 071	9 737
		55 167 194	29 576 000	25 472 000	10 034 676	116 372 870	50 523 096	35 130 503	5 850 056	34 996 887	121 500

## Nketoana Local Municipality

### Appendix G2

#### Budgeted Financial Performance (revenue and expenditure by municipal vote) for the year ended 30 June 2018

2018/2017

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as of Final Budget Rand	% Outcome as % of Original Budget
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>											
Vote 1 - Executive and Council	8 546 343	-	8 546 343	-	-	8 546 343	-	-	(8 546 343)	- %	- %
Vote 2 - Finance and Administration	78 672 868	2 282 699	80 955 567	-	-	80 955 567	-	-	(80 955 567)	- %	- %
Vote 3 - Community Services	15 252 626	1 841 131	17 093 757	-	-	17 093 757	-	-	(17 093 757)	- %	- %
Vote 4 - Waste Management	36 764 201	2 859 731	39 623 932	-	-	39 623 932	-	-	(39 623 932)	- %	- %
Vote 5 - Local Economic Development	4 460 160	41 284	4 501 444	-	-	4 501 444	-	-	(4 501 444)	- %	- %
Vote 6 - Roads Transport	20 835 157	3 325 076	24 160 233	-	-	24 160 233	-	-	(24 160 233)	- %	- %
Vote 7 - Water	130 279 858	8 725 427	139 005 285	-	-	139 005 285	-	-	(139 005 285)	- %	- %
Vote 8 - Electricity	57 572 099	3 090 303	60 662 402	-	-	60 662 402	-	-	(60 662 402)	- %	- %
Vote 9 - Waste Water	48 227 021	35 024 434	83 251 455	-	-	83 251 455	-	-	(83 251 455)	- %	- %
Vote 10 - Housing	1 862 344	-	1 862 344	-	-	1 862 344	-	-	(1 862 344)	- %	- %
<b>Total Revenue by Vote</b>	<b>402 472 677</b>	<b>57 190 085</b>	<b>459 662 762</b>	<b>-</b>	<b>-</b>	<b>459 662 762</b>	<b>-</b>	<b>-</b>	<b>(459 662 762)</b>	<b>- %</b>	<b>- %</b>
<b>Expenditure by Vote to be appropriated</b>											
Vote 1 - Executive and Council	24 701 628	2 587 988	27 289 616	-	-	27 289 616	-	-	(27 289 616)	- %	- %
Vote 2 - Finance and Administration	58 005 918	8 991 314	66 997 232	-	-	66 997 232	-	-	(66 997 232)	- %	- %
Vote 3 - Community Services	24 183 077	4 157 692	28 340 769	-	-	28 340 769	-	-	(28 340 769)	- %	- %
Vote 4 - Waste Management	23 741 858	8 822 164	32 564 022	-	-	32 564 022	-	-	(32 564 022)	- %	- %
Vote 5 - Local Economic Development	2 336 216	(76 372)	2 259 844	-	-	2 259 844	-	-	(2 259 844)	- %	- %
Vote 6 - Roads Transport	48 116 278	(2 716 892)	45 399 386	-	-	45 399 386	-	-	(45 399 386)	- %	- %
Vote 7 - Water	56 073 206	28 851 498	84 924 704	-	-	84 924 704	-	-	(84 924 704)	- %	- %
Vote 8 - Electricity	71 959 367	3 035 232	74 994 599	-	-	74 994 599	-	-	(74 994 599)	- %	- %
Vote 9 - Waste Water	25 743 627	7 595 153	33 338 780	-	-	33 338 780	-	-	(33 338 780)	- %	- %
Vote 10 - Housing	2 057 316	267 036	2 324 352	-	-	2 324 352	-	-	(2 324 352)	- %	- %
<b>Total Expenditure by Vote</b>	<b>336 918 491</b>	<b>61 514 813</b>	<b>398 433 304</b>	<b>-</b>	<b>-</b>	<b>398 433 304</b>	<b>-</b>	<b>-</b>	<b>(398 433 304)</b>	<b>- %</b>	<b>- %</b>
<b>Surplus/(Deficit) for the year</b>	<b>65 554 186</b>	<b>(4 324 728)</b>	<b>61 229 458</b>	<b>-</b>	<b>-</b>	<b>61 229 458</b>	<b>-</b>	<b>-</b>	<b>(61 229 458)</b>	<b>- %</b>	<b>- %</b>